AGREEMENT FOR PURCHASE AND SALE OF PROPERTY

AND ESCROW INSTRUCTIONS

BY AND BETWEEN

McDONNELL DOUGLAS REALTY COMPANY

AND

VESTAR DEVELOPMENT CO.

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LIST OF EXHIBITS

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS (the "Agreement") is made as of March 31, 1997, by and between McDONNELL DOUGLAS REALTY COMPANY, a California corporation ("SELLER"), and VESTAR DEVELOPMENT CO., an Arizona corporation ("BUYER"), based upon the following facts:

RECITALS

A. SELLER is the owner of that certain land located at 190th Street and Normandie Avenue in the City of Los Angeles (the "City"), County of Los Angeles (the "County"), State of California depicted on Exhibit "A" attached hereto.

B. SELLER desires to sell to BUYER all or a portion of the above-described land as determined and defined pursuant to the provisions of Section 1.1, together with all easements and other rights appurtenant thereto and all improvements thereon (the "Property"), and BUYER desires to purchase the Property from SELLER, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of these premises and the conditions and covenants set forth in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, SELLER and BUYER agree as follows:

ARTICLE I

AGREEMENT AND PURCHASE PRICE

1.1 Purchase and Sale of the Property; Reparcelization. SELLER hereby agrees to sell the Property (as determined and defined pursuant to this Section) to BUYER, and BUYER hereby agrees to purchase the Property from SELLER, upon the terms and conditions set forth in this Agreement.

(a) Configuration of Property; Entry Road. The Net Land Area (as defined in Section 1.1(c)) of the Property shall comprise between 25 and approximately 41.9 acres (*i.e.*, the actual size of the Contemplated Site plus the Additional Area, each as defined below). The possible boundaries of the Property are crosshatched and designated on Exhibit "A" attached hereto as the "Contemplated Site." As shown on Exhibit "A" attached hereto, the Contemplated Site abuts, but does not include any portion of, the Southern Pacific Railroad right-of-way adjacent to Normandie Avenue to the east, 190th Street to the north, and the westerly boundaries of contemplated Parcels 8 and 9 as depicted on Exhibit "A" attached hereto (the "Western Boundary"). BUYER shall have the right to include within the Property all or a portion of the area immediately to the west of the Contemplated Site shown crosshatched on Exhibit "A" as the "Additional Area," provided that the portion of the Additional Area so included shall conform to the following and the criteria described in Exhibit "A-1" attached hereto:

(i) BUYER shall not have elected to exclude any portion of the Contemplated Site from the Property as permitted below.

(ii) the portion of the Additional Area included within the Property shall be contiguous to the remainder of the Property except to the extent the Entry Road (as defined below) separates a portion of the included Additional Area lying to the west of the Entry Road as described below or in attached Exhibit "A-1";

(iii) the Western Boundary shall be formed by one (1) line segment drawn perpendicular from 190th Street on the north to the southerly boundary of the Additional Area on the south;

(iv) the remaining (*i.e.*, westerly) portion of the Additional Area not designated for inclusion within the Property shall be at least 200 feet in width at its narrowest point (*i.e.*, at least 200 linear feet of frontage on 190th Street);

(v) if SELLER elects to develop the Entry Road, the western edge of the Entry Road shall be no further east than the Western Boundary (except for the portion of the Entry Road that transects the Property in accordance with Exhibit "A-1"), and the Entry Road shall be excluded from the Property; and

(vi) if SELLER elects to develop the Entry Road, the portion of the Additional Area not included within the Property shall contain, at SELLER's election, at least 300 linear feet of frontage on the Entry Road to the east.

In the event BUYER does not elect to include any of the Additional Area within the Property, BUYER shall have the right to exclude a portion of the Contemplated Site from the Property, provided that such reduction in area shall conform to the following and the additional criteria depicted in Exhibit "A-1" attached hereto:

(1) the Western Boundary shall be formed by one (1) line segment drawn perpendicular from 190th Street on the north to the southerly boundary of the Contemplated Site on the south, except that if (y) SELLER elects to develop the Entry Road and BUYER or SELLER elects to locate the Entry Road adjacent to the Western Boundary or (z) BUYER elects to include the Denker Addition, as defined below, in the Property as permitted below), the Western Boundary shall be formed by a curving boundary meeting the requirements described in attached Exhibit "A-1" (subject to SELLER's right to configure all or a portion of the Entry Road to the west of the Western Boundary, in which event SELLER shall provide an access easement, all as described below in this Section);

(2) the Net Land Area of the Property shall not be less than twenty-five (25) acres.

BUYER shall give SELLER notice of BUYER's elections specified above regarding the configuration of the Property on or before the later of May 25, 1997 or the date fourteen (14) days prior to the City's public hearing regarding the environmental impact report and tentative parcel map for the 170-Acre Parcel (as defined below). By the date seven (7) days after BUYER makes its elections specified above, SELLER shall have the right to elect in its sole and absolute discretion to develop an entry road to the remainder of the 170-Acre Parcel (the "Entry Road") at the location depicted on attached Exhibit "A" as the "Ingress-Egress and Utility Easement" (if the Property does not include any of the Additional Area) or at a location in accordance with the criteria described above and in Exhibit "A-1" (if BUYER elects to include all or a portion of the Additional Area within the Property). In addition to BUYER's right to include all or a portion of the Additional Area in the Property as described above, if SELLER does not elect to develop the Entry Road BUYER shall have the right to include within the Property the western half of Denker not located within the Contemplated Site, extending the minimum necessary distance south from 190th Street to permit BUYER to build a road for ingress and egress purposes in conformity with the criteria described in attached Exhibit "A-1". After BUYER and SELLER make the elections described above, BUYER and SELLER shall cooperate in good faith and agree to any reasonable modifications of the configurations of the Property and the Entry Road (if SELLER has elected to develop it) as may be requested by the City in finalizing the alignment of the Entry Road and shall otherwise cooperate with each other in connection with finalizing the Western Boundary and the alignment of the Entry Road (if SELLER elects to develop it). Notwithstanding the foregoing provisions of this Section, if SELLER elects to develop the Entry Road, SELLER shall retain the right configure all or any portion of the Entry Road in any location SELLER desires to the west of the Property, provided that SELLER provides BUYER reasonable access to the Entry Road over SELLER's adjacent

property (*i.e.*, SELLER's property lying between the Entry Road and the Property) at two reasonable locations (but neither being closer to 190th Street than adjacent to the southerly boundary of Parcel 9 as depicted in attached Exhibit "A-1" or the western prolongation thereof) and subject to the requirement that such access will not unreasonably and adversely impair the ingress and egress to the Property (or the view corridor between the Western Boundary and the southwest corner of Parcel 9 as depicted on attached Exhibit "A-1").

(b) Reparcelization. BUYER and SELLER acknowledge that, as of the date of this Agreement, the Property is part of the approximately 170-Acre Parcel as depicted in Exhibit "A-2" attached hereto (the "170-Acre Parcel") and that, since the California Subdivision Map Act prohibits the sale of property that is not a separate legal parcel, the 170-Acre Parcel must be reparcelized to establish the Property as a separate legal parcel in order to lawfully consummate the sale of the Property. Upon execution of this Agreement, SELLER shall make diligent, reasonable efforts to complete the Reparcelization on as defined in, and pursuant to, the provisions of Section 1.4. SELLER and BUYER acknowledge and agree that the conveyance of the Property from SELLER to BUYER and the purchase of the Property by BUYER are expressly conditioned upon completion of the Reparcelization by the Deadline Date (as defined in Section 1.5(a)). The legal description of the Property to be contained in the Grant Deed described in Section 1.3 will be as set forth in the survey used by the City to complete the Reparcelization.

(c) Base Purchase Price. Subject to adjustment pursuant to the provisions of this paragraph, the base purchase price for the Property (the "Base Purchase Price") shall be $10.10 per square foot of Net Land Area within the Property. For the purposes of this Agreement, "Net Land Area" shall mean the gross land area of the Property as will be set forth in the survey used by the City to complete the Reparcelization, excluding therefrom any portion of the Property located as of the time of the Closing (as defined in Section 4.2) on any tract map or tentative or final subdivision map within any roads, streets, alleys, easements or rights-of-way which prevent such portion of the Property from being reasonably used in connection with BUYER's development of the Property (*e.g.*, there shall be no exclusion for building set-back areas or normal utility easement areas or areas usable for purposes such as parking or landscaping). SELLER and BUYER acknowledge that they estimate that the square footage of Net Land Area of the Contemplated Site is approximately 40 acres (*i.e.*, approximately 1,742,400 square feet) such that the Base Purchase Price will be $17,598,240. To the extent the Net Land Area of the Property exceeds 1,742,400 square feet, the Base Purchase Price shall be increased by $10.10 per square foot of additional Net Land Area (but the Property shall not exceed 2,178,000 square feet of Net Land Area as set forth above in Section 1.1), and to the extent the final of Net Land Area of the Property is less than 1,742,400 square feet, the Base Purchase Price shall be decreased by $10.10 per square foot of reduced area (but the Property shall not be less than 1,089,000 square feet of Net Land Area as set forth above in Section 1.1(a)).

SELLER and BUYER acknowledge that the Base Purchase Price of $10.10 per square foot of Net Land Area has been calculated on the basis of proforma projections prepared by BUYER showing a 12% per annum return on investment calculated by dividing the projected net operating income from the Property ("NOI") by the total projected net project costs of BUYER's contemplated development of the Property ("NPC"), all as set forth in the Project Proforma attached hereto as Exhibit "D" (the "Project Proforma"). SELLER and BUYER agree that, two weeks prior to the Closing Date (as defined in Section 4.2), BUYER shall update the Project Proforma to include BUYER's good faith best estimate of each amount shown in the Project Proforma based upon documented information where available (evidence of which shall be supplied to SELLER with reasonable supporting information) and reasonable estimates (together with reasonable supporting information) where documented information is not available. In the event the return on investment (*i.e.*, NOI divided by NPC) shown in such updated Project Proforma is higher than 12% per annum, the Base Purchase Price shall be increased by an amount equal to one-half (1/2) of the amount by which the Base Purchase Price would need to be increased in order for the updated Project Proforma to show a return on investment of 12% per annum. The immediately preceding procedure for recalculation of the Base Purchase Price shall be repeated as of the date eighteen (18) months after the Closing Date, but using actual cost and

income amounts for such 18-month period and updated estimates for future periods in place of amounts previously projected in the updated Project Proforma. The resulting calculation of the Base Purchase Price (*i.e.*, $10.10 per square foot plus 1/2 of any increase necessary to cause the updated Project Proforma to continue to show a 12% return per annum) shall be the final calculation of the Base Purchase Price, and if the final Base Purchase Price shall be greater than the amount calculated and paid at the Closing BUYER shall pay the entire remainder of the Base Purchase Price to SELLER pursuant to Section 1.2(d), or in the event the final Base Purchase Price is less than the amount paid upon the Closing SELLER shall refund the excess to BUYER pursuant to Section 1.2(d). In no event shall the Base Purchase Price be less than $10.10 per square foot of Net Land Area.

(d) Incremental Purchase Price. In addition to the Base Purchase Price, BUYER shall pay SELLER additional purchase price (the "**Incremental Purchase Price**") which shall be payable only from the sources, and on the terms, set forth in Section 1.2(d). The Incremental Purchase Price shall be an amount equal to $12.00 per square foot of Net Land Area less the Base Purchase Price as it may be modified pursuant to Section 1.1(c) (*e.g.*, the Incremental Purchase Price will be $1.90 per square foot if the Base Purchase Price is $10.10 per square foot) provided the entire amount of the Incremental Purchase Price is paid by BUYER to SELLER on or before the date three (3) years after the Closing Date. In the event the entire amount of the Incremental Purchase Price is not paid to SELLER on or before the date three (3) years after the Closing Date, the Incremental Purchase Price shall be increased to an amount equal to $13.00 per square foot of Net Land Area of the Property less the amount of the Base Purchase Price (as it may be modified pursuant to Section 1.1(c)), and the Incremental Purchase Price shall continue to be paid only from the sources, and on the terms, set forth in Section 1.2(d). The Base Purchase Price and Incremental Purchase Price are sometimes referred to collectively in this Agreement as the "Purchase Price."

1.2 Terms of Payment. BUYER's payment of the Purchase Price shall be accomplished as follows:

(a) Initial Deposit. Concurrently with the Opening of Escrow (as defined in Section 4.1), BUYER shall deposit into Escrow cash in the amount of Seventy-Five Thousand Dollars ($75,000) (the "**Initial Deposit**"). The Initial Deposit shall be returned to BUYER upon BUYER's demand on or before the Contingency Date (as defined in Section 1.2(b)) as permitted pursuant to Section 2.3 or Section 2.4 or in the event the Closing fails to occur other than due to a default by BUYER under this Agreement; the Initial Deposit shall be otherwise non-refundable.

(b) Second Deposit. On or before the date ninety (90) days after the date of this Agreement (the "**Contingency Date**"), BUYER shall deposit into Escrow additional cash in the amount of One Hundred Twenty-Five Thousand Dollars ($125,000) (the "**Second Deposit**"). The Second Deposit shall be returned to BUYER in the event the Closing fails to occur other than due to a default by BUYER under this Agreement; the Second Deposit shall be otherwise non-refundable. Upon the date of deposit, each of the Initial Deposit and the Second Deposit immediately shall be invested by Escrow Holder in accordance with instructions from BUYER and at BUYER's sole risk, with all interest to be earned for BUYER's benefit. The Initial Deposit and the Second Deposit are referred to collectively this Agreement as the "Deposit".

(c) Closing Payment. The balance of the adjusted Base Purchase Price, as calculated two weeks prior to the Closing pursuant to Section 1.1(c), shall be deposited into Escrow by BUYER in cash or by wire transfer prior to the Closing. The amount of any adjustment of the Base Purchase Price to be made 18 months after the Closing Date pursuant to the provisions of Section 1.1(c) shall be paid by BUYER or SELLER, as the case may be, on or before the date twenty-one (21) months after the Closing Date.

(d) Incremental Purchase Price. The Incremental Purchase Price, as calculated pursuant to Section 1.1(d), shall be paid as follows:

(i) So long as the Incremental Purchase Price has not been paid in full, BUYER shall pay to SELLER an amount equal to 75% of the City Consideration (as defined in Section 1.9), each portion of which shall be paid within thirty (30) days after receipt by BUYER or its successors or assigns from time to time. (After the Incremental Purchase Price has been paid in full, SELLER shall continue to receive 50% of the City Consideration pursuant to provisions of Section 1.9 as additional purchase consideration in addition to the payment of the Incremental Purchase Price.)

(ii) So long as the Incremental Purchase Price has not been paid in full, BUYER shall pay to SELLER an amount equal to 50% of all Percentage Rent received by BUYER or its successors or assigns during the first fifteen (15) years of the operation of the Property after the date of issuance of the initial certificate of occupancy for the "anchor tenant" of the development on the Property, each portion of which amount shall be paid to SELLER within thirty (30) days after receipt by BUYER or its successors or assigns from time to time. For the purpose of this Agreement, "Percentage Rent" shall mean all amounts received from tenants, licensees, concessionaires or other occupants or users of the Property or any improvements located thereon which are calculated as a percentage or other share of the amount of income, profits, receipts or revenues received by the tenant, licensee, concessionaire or other occupant or user. BUYER agrees to market and lease the Property and the improvements located thereon on terms standard in the industry relative to percentage rent (*e.g.*, without minimizing or omitting percentage rent or making other arrangements for the purposes of evading payment to SELLER pursuant to this Agreement).

(e) BUYER's Contribution. BUYER shall pay to SELLER the amount of Buyer's Contribution, as calculated pursuant to Section 1.5(c) at the time specified in the last sentence of Section 1.5(c).

1.3 Grant Deed. SELLER's conveyance of the Property shall be made by a grant deed in the form attached hereto as Exhibit "B" (the "Grant Deed") and a General Assignment in the form attached hereto as Exhibit "C" (the "General Assignment").

1.4 Entitlements.

(a) Buyer's Contemplated Improvements and Master Plan. SELLER and BUYER acknowledge that BUYER contemplates using the Property for the construction and operation of a shopping center containing retail space and related improvements and equipment ("Buyer's Contemplated Improvements"), as tentatively and alternatively depicted in Exhibit "A" attached hereto (the "Site Plan"). SELLER and BUYER further acknowledge that SELLER is processing a master plan of development for the 170-Acre Parcel to obtain a vesting tentative map and final map, declarations, certifications and approvals under the California Environmental Quality Act ("CEQA"), including a certified and approved Master EIR under California Public Resources Code § 21125, and other general land use approvals authorizing the Property to be developed as a retail shopping center containing up to 11,250 square feet of building space and incidental improvements per acre (but in no event more than 450,000 square feet of improvements) consistent with the Site Plan, and approximately 130 acres to be developed for office and industrial uses. The foregoing described master plan of development and approvals are referred to collectively in this Agreement as the "Master Plan," and a preliminary depiction of the Master Plan, as currently contemplated by SELLER, is attached hereto as Exhibit "F". As part of the foregoing, SELLER will be seeking to obtain a permit to authorize the Site Work (as defined in Section 1.5(a)) and all permits and approvals required for the construction of Seller's Offsite Improvements (as defined in Section 1.5(a)). BUYER specifically acknowledges that the Master Plan (including the draft Master EIR being processed under CEQA) does not contemplate construction of an auto dealership or a hotel on the Property, and BUYER shall be solely responsible at its expense for obtaining zoning, CEQA approvals and other land use approvals pertaining to such uses.

(b) Reparcelization. In connection with its processing of the Master Plan, SELLER will be processing one or more parcel maps or other appropriate subdivision procedures with the City and the County for the purposes of reparcelizing the Property as a separate legal parcel (the "Reparcelization"). The Reparcelization shall include subparcelizing the Property into up to thirteen (13) separate legal parcels, a proposed configuration of which has been submitted to the City as depicted in the draft parcel map attached hereto as Exhibit "E" (the "Draft Parcel Map"). BUYER shall have the right at its sole cost to cause SELLER to modify the configuration of the subparcels within the Property as shown on the Draft Parcel Map (including by lot line adjustment in accordance with applicable law if the Reparcelization has been completed), subject to SELLER's reasonable approval and provided that any such modification shall not impede or delay the approval of the Master Plan (including CEQA approvals), or completion of the Reparcelization in accordance with the then-existing minimum City processing period, or the Closing.

(c) Cost Reimbursements by BUYER. In addition to BUYER's rights and obligations under Section 1.4(b), BUYER shall reimburse SELLER for any incremental cost of completing the Reparcelization caused by subparcelizing the Property into separate legal parcels (as compared with what the cost would be were the Property left as one legal parcel); however, SELLER and BUYER agree and acknowledge that such reimbursement shall be limited to the sum of $4,000 (*i.e.*, the incremental cost to date for SELLER's preparation of the subparcelization included in the Draft Parcel Map) plus the incremental cost that will be caused by BUYER's new designation of the subparcelization to be included in the revision of the Draft Parcel Map as described above (or lot line adjustment thereafter), or other matters pertaining to the subparcelization after the date of this Agreement. In addition, BUYER agrees to reimburse SELLER for the increased cost in completing the Master Plan or Reparcelization (including CEQA declarations and approvals) resulting if SELLER agrees at BUYER's request to revise the processing of the Master Plan or the Reparcelization (including subparcelization of the Property) after the Contingency Date, or if additional costs are caused by SELLER's receipt from BUYER of additional or revised information after the Contingency Date regarding BUYER's intended parcelization, development or use of the Property or Buyer's Contemplated Improvements (*e.g.*, a change in intended development by BUYER could require additional or revised traffic analyses and other environmental documentation which would be completed at BUYER's expense); provided, however, that at least thirty (30) days prior to the Contingency Date, SELLER shall request from BUYER all specific information necessary to process the Master Plan and Reparcelization (including the subparcelization) based on the intended development and use of the property.

(d) Processing of Master Plan and Reparcelization. Upon the execution of this Agreement, SELLER shall make diligent, reasonable efforts, at its own expense, to process the Master Plan and the Reparcelization, provided that SELLER shall not be obligated to complete the Master Plan or Reparcelization if either would require SELLER to pay any amount or perform any act (other than ordinary processing) or subject any asset other than the Property or remainder of the 170-Acre Parcel to any lien or contribution obligation except as set forth in this Agreement. BUYER agrees to reasonably cooperate in the Master Plan and the Reparcelization by providing, at BUYER's expense, such conceptual site plans and other information regarding BUYER's intended parcelization, development and use of the Property and Buyer's Contemplated Improvements as may be required by the City or other public agency or otherwise reasonably requested by SELLER. SELLER and BUYER acknowledge that SELLER's obligations to pursue the Master Plan and Reparcelization will not include the obligation to obtain any permits or approvals for specific improvements on the Property. Although SELLER will be responsible for certain onsite and offsite improvements as described in Section 1.5(a), BUYER shall be responsible to prepare and process, and obtain, at BUYER's expense, all permits, approvals and licenses with respect to all applications, site plans, maps and CEQA documentation (beyond those required to complete the Master Plan and Reparcelization), plans and specifications, drawings and other items required in connection with further parcelization of the Property beyond the Reparcelization to create specific tenant parcels or building pads or otherwise in connection with the development, construction, use or occupancy of the Property or improvements to be constructed thereon (other than the Site Work to be accomplished by SELLER pursuant to

Section 1.5(a)), including, but not limited to, conditional use permits, grading, building and occupancy permits and liquor licenses. SELLER shall have a right to make modifications to the Master Plan during processing, provided that all modifications having any material impact on BUYER's ability to develop, lease, operate or use the Property for the development of Buyer's Contemplated Improvements shall be subject to BUYER's reasonable approval. In processing BUYER's approvals for the Property, BUYER shall have the right to modify the Site Plan (without, however, increasing the gross square footage of interior building space to be constructed on the Property above 11,250 square feet per acre of the Property square feet in the aggregate or above 30,000 square feet of restaurant space or providing for more than 4,000 theater seats) and Buyer's Contemplated Improvements from time to time in order to accommodate the desires and needs of prospective tenants or otherwise as BUYER shall consider reasonable, provided that all material modifications (including all material aspects of exterior architecture) shall not violate the restrictions described in Section 1.8 and shall be subject to SELLER's reasonable approval with the goal of coordinating BUYER's development of the Property with the overall development of the 170-Acre Parcel. SELLER shall not unreasonably withhold or delay its consent to such proposed modifications, and provided further that modifications shall not impede or delay approval of the Master Plan (including CEQA approvals) or completion of the Reparcelization in accordance with the then-existing minimum City processing periods, or the Closing.

(e) BUYER's Land Use Approvals. BUYER shall have the right, at its sole cost and expense, to process plans and approvals for Buyer's Contemplated Improvements throughout the duration of the Escrow and concurrently with SELLER's processing of the Reparcelization and Master Plan, provided that such efforts shall not materially delay or impede SELLER's processing of the Master Plan or the Reparcelization and no rezoning, approval or other action that would impose any exaction or condition against, or alter the current land use entitlements or approvals pertaining to, the Property or any other property of SELLER shall be taken prior to the Closing unless made expressly contingent upon the occurrence of the Closing. BUYER agrees to use diligent efforts, at its sole cost and expense, to obtain all permits and approvals required for the development, construction, operation and use of Buyer's Contemplated Improvements (beyond those required of SELLER in its processing of the Master Plan pursuant to this Agreement), including but not limited to, rezoning, general use permits, variances, CEQA approvals, site plan and conditional use permit and approvals and other general land use and development approvals (collectively, the "Land Use Approvals"). BUYER's obtaining the Land Use Approvals (encompassing the Site Plan, as it may be revised by BUYER permitted pursuant to Section 1.4(d)) subject only to conditions that are acceptable to BUYER in BUYER's sole and absolute discretion shall be a condition to the Closing; provided, however, that BUYER shall have the right to disapprove the conditions to the Land Use Approvals only to the extent that such conditions are not caused by BUYER's revision of the Site Plan or other plans pertaining to the land Use after the Contingency and such conditions constitute material modifications or additions to the proposed conditions communicated by the City's representatives to BUYER or otherwise reasonably known to BUYER as of the Contingency Date (collectively, the "Anticipated Conditions") and only if, in the event any such new or modified condition consists of, or can be satisfied by, the payment of additional money, such amount exceeds $50,000 and SELLER does not agree to pay such excess over $50,000 when due on BUYER's behalf.

(f) BUYER's Specific Site Approvals. SELLER and BUYER acknowledge that the "Land Use Approvals" shall not include approvals of building plans or specifications, architectural approvals, grading or building permits, use, liquor or occupancy permits or other approvals, permits or licenses beyond the general site and use permits described above (collectively, the "Specific Site Approvals"). BUYER shall have until June 15, 1997 to satisfy itself that it will be able to obtain the Specific Site Approvals on terms and conditions acceptable to BUYER and its prospective tenants and, if BUYER is not so satisfied, BUYER may terminate this Agreement on or before June 15, 1997; provided, however, that BUYER may not so terminate this Agreement as to the Specific Site Approvals for one of the prospective tenants named in Section 2.4 unless such tenant has terminated its agreement to lease (if any) with BUYER as described in Section 2.4. In addition, if BUYER

learns after June 15, 1997 and prior to the Closing that there will be imposed any material new or modified conditions to the Specific Site Approvals as to the use by any of the tenants named in Section 2.4 (or any other use of the Property as to which BUYER or a prospective tenant has made formal application to the City by June 15, 1997), as compared with the proposed conditions communicated by the City's representatives to BUYER or otherwise reasonably known to BUYER as of June 15, 1997 (or, if earlier, the Tenant Entitlement Date as to conditions concerning the use by a prospective tenant named in Section 2.4), and such new or modified conditions are not caused by BUYER's revision after June 15, 1997 of any plans pertaining to the Specific Site Approvals, then BUYER may terminate this Agreement, but only if, in the event any such new or modified condition consists of, or can be satisfied by, the payment of additional money, such amount exceeds $150,000 and SELLER does not agree to pay such excess over $150,000 when due on BUYER's behalf. The activities anticipated by the parties to be required in connection with the processing of the Master Plan, Reparcelization and Buyer's Contemplated Improvements are described in Exhibit "G" attached hereto (the "Entitlement Schedule").

(g) Railroad Crossing. SELLER and BUYER agree to cooperate mutually with each other and the City in requesting approval by Southern Pacific Railroad, Public Utilities Commission and other interested parties of two railroad crossings to provide direct access for the Property to Normandie Avenue across the existing railroad tracks along the easterly boundary of the Property. After such request(s) for approval are made, SELLER shall continue to cooperate in good faith efforts to obtain such railroad crossing provided that obtaining such railroad crossings shall not be a condition to, or impede or delay approval of the Master Plan (including CEQA approvals) or completion of the Reparcelization, or the Closing. SELLER and BUYER specifically acknowledge that, based upon preliminary discussions with the representatives of City and Southern Pacific Railroad, it appears unlikely that the necessary parties will grant more than one new crossing in any event, and will require the one crossing, if approved, to be located at the corner of Normandie Avenue and 195th Street. In the event the necessary approvals are obtained for the construction of one or two railroad crossings with improvements as reasonably anticipated by BUYER and SELLER, SELLER shall construct such crossing(s) at its expense as part of Seller's Offsite Improvements pursuant to Section 1.5(a), which crossing(s) shall be completed and ready for use at the later of the time that BUYER is in position to obtain a certificate of occupancy for the operation of Buyer's Contemplated Improvements or the date upon which City and other parties having approval rights over the crossing(s) shall permit. In the event the necessary approvals are not obtained for construction of such crossing(s), SELLER shall provide, as part of Seller's Offsite Improvements pursuant to Section 1.5(a), a frontage road access approximately 55 feet in width connecting the Property to the existing railroad crossing on Normandie Avenue south of the Property, which improvements shall be completed by the time BUYER is otherwise in position to obtain a certificate of occupancy for Buyer's Contemplated Improvements.

1.5 SELLER's Improvement Obligations; BUYER's Contribution.

(a) Seller's Offsite Improvements and Site Work. SELLER and BUYER contemplate that the City will require, as a condition to approvals of the Master Plan or the Reparcelization, that there be completed or installed certain streets, curbs and gutters, street widening, traffic signalization and signage and other public improvements outside the Property (collectively, the "Seller's Offsite Improvements"). In addition, if SELLER elects to develop the Entry Road, SELLER shall construct the Entry Road at SELLER's sole expense at the time required by the City or, if completion of the Entry Road is a condition to issuance of a certificate of occupancy for Buyer's Contemplated Improvements, the Entry Road shall be completed by the time BUYER is otherwise in position to obtain such certificate of occupancy. SELLER and BUYER further contemplate that all trunk lines for water, sewer and storm drain, electrical, telephone and gas services currently exist in the public streets adjacent to the Property such that BUYER will be able to obtain adequate services to the Property, but if the City requires installation of any additional trunk lines for such services as a condition to the approvals of the Master Plan or the Reparcelization (or if such installations are necessary for the ordinary operation of a 420,000 square foot retail center containing a Wal-Mart, movie theater complex, restaurants and

stores engaged in the sale of goods to consumers), the requirements for such additional trunk lines also shall be considered part of Seller's Offsite Improvements. In the event such additional trunk lines are installed by SELLER, SELLER agrees to give BUYER at least thirty (30) days written notice of commencement of SELLER's installations and provide BUYER with a reasonable opportunity to coordinate its installation of connections, laterals and other related facilities, provided that BUYER shall not hinder, delay or make more expensive the completion of any item of SELLER's work in accordance with SELLER's plans and schedule. Notwithstanding any other provision of this Agreement, in no event shall SELLER be obligated to pay any amount or perform any act or subject any asset or property to any lien or contribution obligation pertaining to any freeway off-ramp or other freeway improvement, any railroad crossing or other railroad improvement (except as set forth in Section 1.4(g)) or any traffic signalization at any entry to the Property other than one entry on 190th Street at the existing freeway offramp. BUYER and SELLER further agree that SELLER's obligations to construct the Seller's Offsite Improvements shall not include the obligation to construct any improvement beyond the inside faces of curbs (it being recognized that SELLER will be installing the curbs) within the streets adjacent to the Property, and BUYER shall be obligated to construct all improvements between such curbs and the boundaries of the Property and all driveways and related improvements as set forth in Section 1.5(c). SELLER agrees to develop and construct all of Seller's Offsite Improvements in such manner as may be required by the City. In addition, SELLER shall demolish improvements currently located on the Property in accordance with the demolition plans described in Exhibit "H" attached hereto, as they may be modified pursuant to the following provisions of this paragraph or as required by the City as condition to their approval (the "Demolition Plans"), and in such manner as may be required by the City as a condition to approval of the Demolition Plans (and without regard to Buyer's Contemplated Improvements), including removal of facilities and improvements to a depth of four feet (or such additional depth as so required by the City), and filling to existing grade and compaction to 90% relative density of all excavations made in the course of such demolition (collectively, the "Site Work"). BUYER and SELLER acknowledge that, as BUYER's construction plans and specifications are developed, it may be advantageous to BUYER if the SELLER's demolition plans are revised by change order to provide for certain additional work to be performed on certain portions of the Property and certain work called for under the Demolition Plans to be modified or deleted. Accordingly, BUYER shall have a right to request, and have made, reasonable change orders to the Demolition Plans to accommodate BUYER's contemplated development of the Property, provided all such changes are approved by the City to the full extent required and BUYER pays all costs of processing the change orders, as well as any net cost increases for the Site Work caused by change orders. If, due to change orders requested by BUYER and made to SELLER's demolition plans, there is a net decrease in the total cost of the Site Work, SELLER and BUYER shall split the savings (which shall be accomplished by BUYER's receiving a credit through Escrow upon the Closing of an amount equal to one half of such savings). SELLER shall complete the Site Work in accordance with the Demolition Plans on or before April 9, 1998 (the "Deadline Date"). In the event BUYER discovers that the Site Work has not been so completed in accordance with the Demolition Plans in all material respects, SELLER shall, upon written request from BUYER, correct the work as reasonably requested by BUYER. In addition, SELLER shall complete by the Deadline Date each item of Seller's Offsite Improvements that is required as a condition to BUYER's obtaining building permits for construction of Buyer's Contemplated Improvements. The Deadline Date as to each item of Seller's Offsite Improvements that is not required to be completed as a condition to BUYER's receipt of building permits for Buyer's Contemplated Improvements (the "Deferred Work") shall be the date that each such item of the Deferred Work is required to be completed by the City. In addition, SELLER agrees to have held back in the Escrow (subject to ordinary drawing procedures) a portion of the Base Purchase Price (equal to 110% of the projected costs of the Deferred Work as calculated by SELLER and reasonably approved by BUYER) to provide reasonable security to BUYER that any portion of the Deferred Work that may be required by City as a condition to issuance of any certificate of occupancy or other permit required as a condition to the operation or use of Buyer's Contemplated Improvements will be completed in a manner and by the time required to avoid any hinderance or delay in BUYER's receipt of such certificates or permits for BUYER's development, operation or use of the Property in accordance with BUYER's schedule. In addition to any other remedies of BUYER for

SELLER's failure to complete the Deferred Work, BUYER, following 30 days' written notice and failure to cure by SELLER, may perform the Deferred Work and receive payment therefore from the sums held back in Escrow or from SELLER. In connection with SELLER's completion of the Site Work, SELLER may cause any of the materials encountered in the course of demolition to be ground down and incorporated into the site restoration, provided that such grinding and placement is conducted in accordance with the Seller's Demolition Plans and all applicable laws. SELLER covenants that SELLER's completion of the Site Work and Seller's Offsite Improvements shall be accomplished in a good, workmanlike and lien-free manner and in accordance with applicable codes, ordinances and other laws.

(b) Utilities. Except as specifically set forth in Section 1.5(a), Seller's Offsite Improvements shall not include, and SELLER shall have no obligation to construct or provide for, any utility services to the Property. Specifically, BUYER shall be responsible for causing all utilities, including, but not limited to, sewer, storm drain, water, electrical, telephone and gas lines, to be connected from the Property and improvements located thereon to the trunk lines within the streets adjacent to the Property at such locations and as otherwise required by the City or deemed appropriate by BUYER, including, but not limited to, stubbing out all utility lines from the trunk lines and effectuating all utility connections pertaining to the Property. BUYER specifically agrees that the foregoing shall include BUYER's obligation to pay all sewer, water and other utilities connection, capacity and discharge fees pertaining to the Property or its development, and that any capacity rights owned by SELLER that are transferrable among properties owned by SELLER shall not be included in BUYER's purchase of the Property, but shall be retained by SELLER for use as SELLER desires.

(c) Costs. SELLER shall bear all costs and expenses of developing and constructing Seller's Offsite Improvements and completing the Site Work, subject to BUYER's obligation to pay Buyer's Contribution to SELLER pursuant to the later provisions of this Section 1.5(c). BUYER shall be responsible, at its expense, for all construction and other work within the areas from the boundaries of the Property to the inside faces of curbs within the adjacent streets (*i.e.*, where Seller's Offsite Improvements stop), including, but not limited to, all sidewalks, street lighting, landscaping, driveways, driveway approaches (including any curbing located within the driveways or approaches) and other equipment and improvements. In addition, BUYER shall be responsible, at its expense, for all construction and other work on the Property other than the Site Work, including, but not limited to, all grading and other site work, sidewalks, driveways, parking areas, and lighting, landscaping and other equipment and improvements. If the Closing occurs, BUYER shall pay to SELLER the sum of $106,777.38 less 50% of the actual costs incurred by BUYER to third parties (excluding pass-throughs of costs not customarily passed through by contractors to owners) to complete any sidewalk or street lighting improvements that may be situated outside the Property in the adjacent rights-of-way to the inside faces of curbs ("**Buyer's Contribution**"). BUYER shall pay Buyer's Contribution to SELLER within thirty (30) days after BUYER completes such work (or, if earlier, when BUYER ceases such work before completion).

(d) Nonrequired Conditions. In the event the City or other governmental entity having jurisdiction imposes any conditions or exactions beyond those within Seller's Offsite Improvements or the Site work under Section 1.5(a), SELLER shall not be required to complete the Reparcelization or approval of the Master Plan or matters relating thereto unless BUYER agrees to bear responsibility for fulfilling all such additional impositions or exactions at BUYER's sole cost. Notwithstanding the foregoing, if SELLER permits the final approval of the Reparcelization or the Master Plan to occur subject to any offsite improvements not included within Seller's Offsite Improvements pursuant to Section 1.5(a) and without obtaining BUYER's written agreement that such additional impositions or exactions will be the responsibility of BUYER or another party, all such additional impositions and exactions shall be considered to be within "Seller's Offsite Improvements" pursuant to this Agreement.

1.6 Environmental Remediation of the Property.

(a) Remediation Work. BUYER and SELLER acknowledge that environmental remediation of the Property and other portions of the 170-Acre Parcel may be required before, during and after the affected property is developed pursuant to the Master Plan or the permits or approvals to be obtained by BUYER or otherwise, and that such remediation could include soil and groundwater remediation. SELLER has delivered to BUYER those certain Phase I Environmental Assessment dated March 20, 1996 pertaining to the Property and other portions of the 170-Acre Parcel and Phase II Subsurface Investigation dated June 5, 1996, each prepared by Kennedy/Jenks Consultants pertaining to the Property (collectively, the "Environmental Assessment"). Notwithstanding the passage of the Contingency Date and BUYER's deposit of the Second Deposit, BUYER's obligation to purchase the Property shall be contingent upon SELLER's completion of the environmental remediation of the Property, subject to the last sentence of Section 1.6(b), at SELLER's sole cost and expense, pursuant to a remedial action work plan as may be approved and amended from time to time with the approval of the Regional Water Quality Control Board or other lead agency (the "Lead Agency") having jurisdiction over the Remediation (collectively, the "Remediation Plan") and in compliance with all governmental statutes, ordinances, codes and regulations existing as of the time of completion (collectively, the "Remediation"). The Remediation Plan, as it will be initially approved by the Lead Agency, shall be subject to the approval of BUYER, which approval will not be unreasonably withheld or delayed. The parties acknowledge that, after the Remediation is commenced under the Remediation Plan, the Lead Agency or other governmental or quasi-governmental body having jurisdiction over the Remediation (each, a "Governmental Agency") may require or permit the Remediation Plan to be modified or may interpret or enforce the Remediation Plan differently from how SELLER or BUYER, respectively, may anticipate. BUYER shall have no right to approve or disapprove of any modification, interpretation or enforcement (or lack of enforcement) of the Remediation Plan except for any modification likely to have a material adverse affect on the Property or the operation of improvements located thereon. SELLER shall give BUYER reasonable written notice of any material modification of the Remediation Plan likely to have a material adverse affect on the Property or the operation of improvements located thereon. SELLER shall use diligent efforts, at its expense, to cause all licenses, permits and approvals for the Remediation to be issued by the Lead Agency and other Governmental Agency that needs to issue such license, permit or approval. SELLER shall cause a qualified environmental contractor selected by SELLER and reasonably acceptable to BUYER to proceed diligently with and complete the Remediation on or before the Deadline Date (subject to the last two sentences of Section 1.6(b)) in accordance with the Remediation Plan and all requirements of the Lead Agency or other Governmental Agency (the "Completion"). From and after execution of this Agreement, SELLER shall provide BUYER and its consultants with reasonable access to all current and future findings, results, plans and reports obtained by SELLER in connection with the Remediation or the environmental condition of the Property, and SELLER shall keep BUYER reasonably apprised of the progress of the Remediation and anticipated governmental requirements in connection therewith. Prior to the Closing, BUYER shall not communicate with any governmental or quasi-governmental body or any other party (except for BUYER's attorneys, investors, financial partners, proposed lenders, tenants, parcel purchasers, environmental consultants and other consultants strictly on a need-to-know basis) regarding the environmental condition of the Property or the remainder of the 170-Acre Parcel without the prior written consent of SELLER in each instance as to both the form and substance of the contemplated communication, which approval shall not be unreasonably withheld or delayed. After SELLER gives BUYER the Completion Certification (as defined in Section 1.6(b)), BUYER shall have the right to reasonable communication with the Lead Agency and other Governmental Agencies for the purposes of helping BUYER determine whether the Completion (as defined in Section 1.6(b)) has occurred, subject to SELLER's right of prior written approval as to the form and substance of such communication, which approval shall not be unreasonably withheld or delayed. In any event, SELLER shall have the right to be present at all discussions and telephone conferences and to review and reasonably approve all written communications in advance.

(b) Evidence of Completion. The Completion shall be considered to have occurred only when (i) the environmental contractor or other environmental expert selected by SELLER and reasonably acceptable to BUYER (the "Environmental Expert") certifies to SELLER and BUYER that the Remediation (except for the Excluded Portion) has been completed in accordance with the Remediation Plan (the "Completion Certification"), (ii) lien waivers in customary form or other reasonable evidence that the contractor(s) and providers of materials and other parties engaged in the Remediation having mechanic lien rights against the Property have been paid in full, and (iii) the Lead Agency has issued a letter in its customary form, if any, indicating that such Governmental Agency is not planning to require any further action with respect to the subject of the Remediation (the "No Further Action Letter"); provided, however, that obtaining a No Further Action Letter or similar letter shall not be required if and to the extent Seller is unable to obtain such a letter despite diligent efforts to do so, and the non-obtaining of such letter results from the practice of the Lead Agency not to provide such a letter in the circumstances present in this transaction, as opposed to such letter not being provided because the Lead Agency believes that any portion of Remediation (other than the Excluded Portion, as defined below) is not completed. BUYER shall have the right, at its sole cost and expense and upon reasonable advance notice to SELLER, to have BUYER's own environmental expert selected by BUYER and reasonably acceptable to SELLER ("Buyer's Expert") reasonably review the Remediation as it proceeds (including reasonable observation of on-site sampling and testing as it occurs and review of the results thereof concurrently with SELLER's review), provided that such review and observation does not impede or delay the prosecution of the Remediation in accordance with the Remediation Plan (including the schedule for the work set forth therein). Further, upon the Environmental Expert's issuance of the Completion Certificate, BUYER shall have a period of twenty (20) days from its receipt of the Completion Certificate to obtain advice from Buyer's Expert whether it concurs with the Environmental Expert that Completion of the Remediation has occurred. Unless BUYER gives SELLER written notice within such twenty-day period that Buyer's Expert disputes that Completion of the Remediation has occurred, BUYER shall be deemed to have concurred that the Completion of the Remediation has occurred; provided, however, that such concurrence shall not constitute a waiver by BUYER of its right to object to SELLER's failure to properly complete the Remediation as to all matters not discovered or reasonably discoverable by diligent inquiry by BUYER prior to expiration of such twenty-day period. In the event that Buyer's Expert disputes that Completion has occurred, BUYER shall cause BUYER's Expert, and SELLER shall cause the Environmental Expert, to work in good faith to resolve the dispute, and if BUYER and SELLER cannot reach agreement within thirty (30) days as to whether the Completion has occurred, their dispute shall be resolved pursuant to provisions of Section 7.12. Notwithstanding the foregoing provisions of this Section, in the event that the Remediation Plan calls for a portion of the Remediation to be completed over a period of time (*i.e.*, such portion that cannot be reasonably accomplished by the Deadline Date, for example, completion of soils vapor extraction and ground water treatment) (the "Excluded Portion"), the Excluded Portion shall be excluded from the procedure set forth in this paragraph, and the Completion shall be considered to have occurred if the conditions to the Completion set forth in this paragraph have occurred with respect to all of the Remediation except for the Excluded Portion, and SELLER shall continue to diligently prosecute the Excluded Portion to completion in accordance with the Remediation Plan as it may be modified as required or permitted by the Governmental Agencies, or as it may be interpreted and enforced by the Governmental Agencies over time and in a manner not unreasonably interfering with BUYER's development,use or operation of Buyer's Contemplated Improvements.

(c) Environmental Indemnity. Upon the Closing, SELLER shall execute and deliver through Escrow to BUYER an Environmental Indemnity Agreement in the form attached hereto as Exhibit "I" (the "Environmental Indemnity"). In addition, MDRC shall cause its parent company, McDonnell Douglas Corporation ("MDC") or, if MDC no longer exists, then MDC's successor by law, to execute a guaranty of MDRC's obligations under the Environmental Indemnity (the "Guaranty") which Guaranty shall be effective only if, and during such periods that, MDRC's net equity, as determined in accordance with generally accepted accounting principles, falls below $20,000,000; provided, however, that in the event MDRC ceases to exist and MDRC's successor by law has

specifically assumed MDRC's obligations under the Environmental Indemnity, then the Guaranty shall be effective only if, and during such periods that the net equity of such successor of MDRC falls below $20,000,000. The Guaranty shall be executed and delivered to BUYER through Escrow upon the Closing. The form of the Guaranty shall be presented by SELLER and approved by the guarantor and BUYER on or before the Contingency Date, which approval shall not be unreasonably withheld. In the event the parties do not agree to the form and substance of the Guaranty by the Contingency Date, SELLER or BUYER may terminate this Agreement.

1.7 Failure to Complete Demolition, Remediation and Improvements. SELLER and BUYER acknowledge that it is critically important to BUYER and its potential tenants that SELLER complete Seller's Offsite Improvements, the Site Work and the Remediation (except for the Excluded Portion) in strict accordance with the time schedules set forth in Sections 1.5 and 1.6 and that, if the Property is not available for commencement of construction of Buyer's Contemplated Improvements immediately upon the occurrence of the Closing within 20 days after the Deadline Date, BUYER will suffer substantial damages. IN CONSIDERATION OF SUCH DAMAGES, IN THE EVENT SELLER FAILS TO COMPLETE ANY MATERIAL ITEM OF SELLER'S OFFSITE IMPROVEMENTS (EXCEPT THE DEFERRED WORK), THE SITE WORK OR THE REMEDIATION (EXCEPT THE EXCLUDED PORTION) BY THE DEADLINE DATE TO THE FULL EXTENT REQUIRED PURSUANT TO SECTION 1.5 OR 1.6, SELLER SHALL PAY TO BUYER THE SUM OF $350,000 AS LIQUIDATED DAMAGES, NOTWITHSTANDING THAT SELLER MAY HAVE USED DILIGENT EFFORTS TO ACHIEVE COMPLETION. SELLER AND BUYER ACKNOWLEDGE THAT THE ACTUAL AMOUNT OF DAMAGES THAT WOULD BE SUFFERED BY BUYER IN SUCH EVENT ARE EXTREMELY DIFFICULT AND IMPRACTICABLE, IF NOT IMPOSSIBLE, TO CALCULATE AS OF THE SIGNING OF THIS AGREEMENT AND THAT THE SUM OF $350,000 IS A REASONABLE ESTIMATE OF THE DAMAGES TO BE SUFFERED BY BUYER.

BUYER'S Initials SELLER'S Initials

Notwithstanding the foregoing or any other provision of this Agreement, the Deadline Date as to any item of Seller's Offsite Improvements, the Site Work or the Remediation shall be extended for a number of days equal to the number of days as to which completion of such item is delayed due to (i) acts of God, governmental moratoria or governmental failure to act within specific time periods prescribed by applicable law, flooding, strikes or other causes beyond the reasonable control of SELLER or (ii) any delay directly and principally caused by BUYER, including, but not limited to, delays caused by modification of BUYER's plans for Buyer's Contemplated Improvements (collectively "Unavoidable Delays"). In the event SELLER claims any right to extend the Deadline Date due to Unavoidable Delays, SELLER shall give BUYER written notice of the Unavoidable Delay within thirty (30) days after the commencement of such Unavoidable Delay, setting forth the specific dates of the claimed Unavoidable Delay and the basis for such claim of Unavoidable Delay.

1.8 CC&R's.

(a) BUYER's Property. There shall be recorded against the Property covenants, conditions and restrictions (the "CC&Rs") in a form to be presented by SELLER and approved by BUYER on or before the Contingency Date, which approval shall not be unreasonably withheld, and which shall include (i) a grant to BUYER of an easement over the Entry Road (if developed as a private street) for reasonable access from 190th Street to City-approved curb cut(s) along the Western Boundary of the Property and for use of walkways, gas, electric, sewer, telephone and other common facilities located within the Entry Road (such easement shall be recorded against the Entry Road and may be contained in a separate easement document at SELLER's election), (ii) in the event SELLER does not elect to develop the Entry Road as permitted in Section 1.1(a), reservations to SELLER of utilities easements thirty (30) feet in width over the area depicted on Exhibit "A" attached hereto as the "Ingress-Egress and Utility Easement," provided that BUYER shall have the

right to relocate such easement area to a reasonable location not adversely affecting the development of Buyer's Contemplated Improvement in conformity with attached Exhibit "A-1" (iii) restrictions that the Property be developed initially for retail purposes including movie theaters and other entertainment facilities, restaurants and stores engaged in the sale of goods to consumers (provided, however, that such restrictions shall not prohibit BUYER from constructing a car dealership or hotel of up to 200 rooms on the Property), (iv) restrictions that the Property be used for a no greater intensity of development than is contemplated by the Site Plan (as revised through the Closing), in terms of floor area ratio, square footage of improvements, traffic generation or other ordinary measures of intensity of development if any such increased intensity will have the effect of restricting development of any of the remainder of the 170-Acre Parcel or subjecting such development to any additional or greater exactions, impositions or other conditions to development than otherwise would be the case, unless BUYER agrees to fully satisfy such extra or additional obligations directly arising from such additional density, (v) obligations of the owner of the Property to maintain good and attractive condition all sidewalks, street lighting, landscaping and other facilities or improvements between the easterly boundary of the Property and the westerly edge of curb of Normandie Avenue, between the northerly boundary of the Property and the southerly edge of curb of 190th Street, between the westerly boundary of the Property and the easterly edge of curb of the Entry Road, and between any other boundary of the Property and any adjacent street, (vi) restrictions requiring that the Property be developed as a first class shopping center and that it be reasonably compatible with the remainder of SELLER's 170-Acre Parcel per criteria agreed to prior to the Contingency Date, (vii) restrictions prohibiting residences, schools or hospitals or other in-patient care facilities, schools or other uses as to which heightened or special requirements or standards may apply under applicable environmental laws (except for uses ordinarily located in shopping centers such as restaurants, theaters and other entertainment facilities and stores engaged in the sale of consumer goods), and the uses set forth in Paragraph 1 of Exhibit "N" attached hereto, (viii) reasonable easements for SELLER's installations and entries upon the Property for the purposes of completing the Deferred Work and the Remediation, (ix) a reasonable easement for BUYER's use of the frontage road along Normandie Avenue to the existing railroad crossing south of the Property, as described in Section 1.5(a) (the CC&Rs will allocate to the Property a proportional share of maintenance, repair and insurance costs pertaining to the railroad crossing and frontage road, based upon usage as determined by periodic traffic studies or other method reasonably acceptable to the parties), (x) reasonable access easements retained by SELLER for ingress and egress to any portion of the Contemplated Area that is excluded from the Property, as described in Section 1.1(a), (x) reasonable easements for SELLER's continued use of the water riser and sewer riser, each as shown on Exhibit "A-1", in the event the Property includes such areas and (xi) reasonable easements for continued ownership and operation of all electrical lines, transformers and other facilities for electric service within the Property in order to facilitate SELLER's formation and ownership of an entity as permitted under applicable law to sell electrical power to owners and occupants of the Property and all or a portion of the remainder of the 170-Acre Parcel and other property in SELLER's discretion (the "Utilities District"). To the full extent permitted under applicable law, SELLER shall have the right to cause the CC&R's to require that the owners of the Property and the other area covered by the Utilities District purchase electrical power and service from the Utilities District, provided that the quality and cost (including proportionate shares of the fees, overhead and other amounts incurred in connection with the Utilities District) of such electrical power and service is not materially less favorable than that available from the Los Angeles Department of Water and Power. The parties acknowledge that there will be reasonable fees and expenses, including management fees, payable in connection with the formation and operation of the Utilities District (some of which will be payable to BUYER or its affiliates) and that the Utilities District will be controlled by or on behalf of SELLER or its affiliates. BUYER shall have the right to own an economic interest in the Utilities District which will provide BUYER with the right to receive all profits and losses attributable to the sale of electrical power to owners or occupants of the Property, provided that in no event shall BUYER's economic interest exceed a proportion greater than the number of acres within the Property as a percentage of 170 acres. BUYER specifically acknowledges that its interest in the Utilities District shall be a mere economic interest without any right to participate in management, control or decision-making except as may be required under applicable law. BUYER further acknowledges that

the net profits and losses of the Utilities District shall be calculated after deducting all costs and expenses incurred in the formation and operation of the Utilities District, including any amounts paid to SELLER or its affiliates. The CC&Rs shall give SELLER the right and obligate SELLER to maintain and repair the private street, walkways, lighting and other easements and common facilities within the Entry Road and the gas, electric, sewer, water, telephone and other public facilities located within the Entry Road, all without reimbursement from the Property. Notwithstanding the foregoing provisions of this Section, there shall be no provisions in the CC&Rs pertaining to the Entry Road in the event SELLER elects pursuant to Section 1.1(a) to forego development of the Entry Road. The CC&R's shall contain additional provisions that are customary in high quality business/retail parks in the Los Angeles area, including, but not limited to, prohibitions against nuisance and unsanitary or unsightly outside storage or uses and lien rights and other adequate enforcement remedies. The form of the CC&R's shall be presented by SELLER by April 30, 1997 and approved by BUYER on or before the Contingency Date, which approval shall not be unreasonably withheld. In the event the parties do not agree to the form and substance of the CC&R's by the Contingency Date, SELLER or BUYER may terminate this Agreement. Notwithstanding the foregoing, SELLER and BUYER acknowledge that the provisions in the CC&R's pertaining to completion of the Deferred Work and the Remediation may need to be revised prior to the Closing to accommodate the requirements of the Remediation Plan or the City's requirements with respect to the Deferred Work, and BUYER agrees to reasonably approve such revisions to the CC&R's prior to the Closing. BUYER shall execute a consent to be attached to the CC&R's by which BUYER shall agree to be bound by the CC&R's.

(b) SELLER's Property. There shall be recorded against the remainder of the 170-Acre Parcel use restrictions as set forth in Exhibit "N" attached hereto (the "Seller Restrictions") in a form presented by SELLER and approved by BUYER pursuant to the same procedure as set forth in Section 1.8(a) with respect to the CC&R's. The Seller Restrictions shall constitute a covenant binding upon the 170-Acre Parcel (except for the Property) for the benefit of the Property and shall run with the land.

1.9 City Consideration. SELLER and BUYER shall reasonably cooperate with one another in seeking to negotiate one or more transactions with the City pursuant to which the City will offer consideration because of the development of the Property (irrespective of whether the real property or other rights received by the City are part of the Property), which consideration may be measured by sales tax revenues, property tax increments, utility user taxes or business license taxes or other criteria pertaining to the development or operation of the Property, and which consideration may take the form of purchases, fee waivers or rebates, cash payments, tax relief, parking or other agreements, provision of services by the City or other measurable means (collectively, the "City Consideration"). BUYER agrees to pay to SELLER an amount equal to fifty percent (50%) of all City Consideration that may be paid from time to time (subject to SELLER's right to receive 75% of the City Consideration pursuant to Section 1.2(d)(i) until the Incremental Purchase Price is paid in full). BUYER shall have no right to receive any portion of any consideration offered or paid by the City pertaining to any portion of the 170-Acre Parcel other than the Property or any other property owned by SELLER or its affiliates. In the event any consideration offered or paid by the City pertains to both the Property and other portions of the 170-Acre Parcel or development thereof, SELLER and BUYER shall allocate such consideration to the Property and the remainder of the 170-Acre Parcel on a reasonable basis, and the portion properly allocable to the Property shall be considered to be City Consideration for the purposes of this Agreement.

1.10 30-Day Notice. In the event that BUYER is unwilling to bear responsibility at its cost for any additional impositions or exactions (beyond those within Seller's Offsite Improvements or the Site Work under Section 1.5(a)) required by the City or other governmental entity having jurisdiction, or BUYER is unwilling to give any approval which BUYER has the right to give or withhold, as necessary for completion of Seller's Offsite Improvements, the Site Work, the Remediation or the Reparcelization, then within 30 days following SELLER's notice to BUYER requesting a response under this Section 1.10, BUYER shall either undertake to bear such responsibility or give such approval or confirm its unwillingness to do so by notice to SELLER. If BUYER gives notice confirming its

unwillingness to do so, then BUYER's obligation to purchase and SELLER's obligation to sell the Property shall be extinguished.

1.11 Leaseback of Loading Area. Notwithstanding any contrary provision of this Agreement, following the Closing Date SELLER may, at its option exercisable by notice at Closing, retain and lease back from BUYER that portion of the Property comprising approximately 7,428 square feet and located within the shaded area of Exhibit "O" hereto (the "Leased Parcel"), for a term continuing until the earlier of (i) the date Douglas Aircraft Company has vacated and ceased operations on the Leased Parcel and the City has approved SELLER's improvements made to the Leased Parcel (as hereinafter described) and (ii) December 31, 1998. During the term, SELLER shall have the right to permit Douglas Aircraft Company to use the Leased Parcel for truck loading and shall have the further right to conduct site preparation and demolition activities thereon. Prior to termination of the lease, SELLER shall at its expense (in lieu of rent) construct improvements on the Leased Parcel, consisting of paved parking area and landscaping, in accordance with BUYER's site plan or the site plan of any permitted assignee of BUYER. During the term SELLER shall erect and maintain appropriate security fencing to match the existing security fence. SELLER shall indemnify, defend and hold harmless BUYER, its affiliates, partners, lenders and tenants, any first succeeding purchaser from BUYER, and their respective shareholders, officers, directors, employees and agents (collectively, "Indemnitees") from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, reasonable attorneys' fees, expenses and/or liabilities arising out of, involving, or in connection with the use and/or occupancy of the Leased Parcel by SELLER and Douglas Aircraft Company during the term, except to the extent of the gross negligence or wilfull misconduct of any Indemnitee. If any action or proceeding is brought against any Indemnitee by reason of any of the foregoing matters, SELLER shall upon notice defend the same at SELLER's expense by counsel reasonably satisfactory to such Indemnitee, who shall cooperate with SELLER in such defense. SELLER shall maintain appropriate insurance in respect of its use of the Leased Parcel.

ARTICLE II

BUYER'S INVESTIGATION OF THE PROPERTY

2.1 Preliminary Title Commitment. BUYER acknowledges receipt of Preliminary Title Commitment No. 9600307 issued by Chicago Title Company (the "Title Company") dated as of January 8, 1996, as supplemented by letters dated February 20, 1996 and March 4, 1996 (the "Title Report"), purporting to disclose the condition of title to the

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Property, together with complete and legible copies of all documents of record referenced therein as exceptions. BUYER further acknowledges receipt of an ALTA survey of the 170-Acre Parcel prepared by Tait & Associates dated February 14, 1996 as supplemented by letter regarding easements dated March 15, 1996 (the "Survey"). BUYER shall have until the date forty-five (45) days after the date of this Agreement to notify SELLER in writing of BUYER's approval or disapproval of any matters disclosed in the Title Report or Survey. In the event the Title Company issues any supplements to the Title Report during the period of the Escrow, BUYER shall have ten (10) business days following delivery of the supplement to approve or disapprove in writing any exception contained therein and not disclosed in the Title Report or prior supplement thereto. In the event such supplementation occurs at a time which would not otherwise permit completion of the approval/objection procedure set forth above prior to the Closing, then the Closing shall be extended for the amount of time necessary to complete the above-described approval/objection procedure. If BUYER fails to disapprove an exception in writing within the time period specified above, the exception or matter shall be deemed to be approved by BUYER. After the Contingency Date, BUYER shall exercise its rights of approval under this Section in good faith and shall not disapprove of an exception or matter that will not materially interfere with BUYER's use, operation, enjoyment or disposition (at the fair market value of the Property absent the new exception or matter) of the Property or impair BUYER's ability to finance or encumber the Property, as determined in BUYER's sole and reasonable discretion. If BUYER disapproves of an exception or matter as permitted above, SELLER shall have ten (10) days after receipt of BUYER's written disapproval to inform BUYER in writing whether or not SELLER will cause the disapproved exception(s) or matter(s) to be removed on or before the Closing Date; provided, however, that SELLER hereby agrees to cause all monetary liens (other than liens for nondelinquent taxes, assessments and similar items) to be removed on or before the Closing without the need for any objection by BUYER. If SELLER does not so inform BUYER that SELLER will cause the removal of the disapproved exception(s) or matter(s), BUYER shall have the right to terminate this Agreement in writing, within the following twenty (20) days, and, in absence of such termination BUYER shall be deemed to have waived its disapproval of the disapproved exception(s) or matter(s) that SELLER has not agreed to remove. All matters shown in the Title Report or any supplement thereto or the Survey which are not disapproved by BUYER or as to which BUYER waives its disapproval, together with such additional matters as BUYER may approve, shall be considered to be "Permitted Exceptions." BUYER acknowledges and agrees that, with the exception of the covenants set forth in this Section and the representations and warranties specifically set forth in Section 3.1, (i) nothing in this Agreement shall be construed as a warranty or representation by SELLER concerning SELLER's title to the Property, and SELLER makes no such warranty or representation and (ii) BUYER will be relying solely upon BUYER's title policy and BUYER's own investigations respecting the condition of title of the Property.

2.2 Property Investigation.

(a) Continuing Access to Property. BUYER shall have the right, at BUYER's sole expense and risk, to have its representatives, employees, contractors and agents (and those of BUYER's prospective anchor tenants, parcel purchasers, equity partners and lenders) enter upon the Property, at reasonable times after BUYER gives at least twenty-four (24) hours' oral or written notice to SELLER in each case, and to conduct any and all tests, inspections and studies as BUYER may deem necessary and desirable provided that (i) such activities shall not impair the current use, operation and maintenance of the Property, (ii) at SELLER's option, any entry shall be in the company of SELLER's representative(s), and (iii) BUYER shall be responsible for any damage caused thereby to any person, property or to the Property. Notwithstanding the foregoing, BUYER shall not permit to be conducted any tests or inspections requiring excavations or the use of any physically invasive tools or equipment without the prior written consent of SELLER, which shall not be unreasonably withheld. In the event SELLER agrees to any such tests or inspections, SELLER will agree to accept responsibility as the "generator" of any soil required under applicable law to be removed from the Property, provided that the parties conducting such tests or inspections conform in all material respects to the plans and specifications for such tests and inspections as approved by SELLER. BUYER agrees to indemnify, defend and hold harmless SELLER from any and all losses, damages, costs, liabilities and expenses, including, without

limitation, attorneys' fees, disbursements and court costs actually and reasonably incurred by SELLER, due to any act or omission of BUYER or BUYER's agents, representatives, contractors or subcontractors (or those of BUYER's prospective tenants, partners, lenders or other contracting parties) during any of their entries on the Property either prior to or after the execution of this Agreement except due to pre-existing environmental conditions where proposed testing of BUYER has been disclosed to SELLER and approved by SELLER in advance and accomplished in a non-negligent fashion in accordance with such prior notification and approval. As a condition precedent to the license to enter provided in the paragraph, BUYER shall cause to be maintained commercial general liability insurance covering each such entry, (except for entries limited to visual inspection on foot of areas accessible without the use of equipment, including ladders), which insurance may be obtained by BUYER or the contractor or other party making such entry. Such insurance shall provide coverage in the amount of not less than $3,000,000 for injury or death to any number of persons in any one accident or occurrence, shall name SELLER as an additional insured and shall be issued by an insurance company, and on terms, reasonably acceptable to SELLER. At SELLER's request, BUYER shall deliver to SELLER certificates of insurance in such form as SELLER may reasonably require evidencing BUYER's compliance with provisions of this paragraph.

(b) Review of Documents. BUYER acknowledges that SELLER has delivered to BUYER copies of certain documents and materials, including, but not limited to, those listed on Exhibit "J" attached to this Agreement (the "Delivered Documents"), and BUYER agrees that neither the Contingency Date shall be extended, nor shall the Closing be impeded or delayed, as the result of BUYER'S obtaining, failure to obtain or delay in obtaining any other documents or materials, unless caused by a material default by SELLER of its obligations set forth in this paragraph. SELLER shall make available to BUYER and BUYER shall have the right to review, at SELLER's offices during normal business hours, and to make copies of all documents or copies of documents pertaining to the Property that are in SELLER's possession, including, without limitation, all lease, rental, use and concession agreements and documents pertaining thereto; all renderings, photographs, plans, drawings and specifications respecting the improvements; all environmental reports, soils reports, engineering and architectural studies, grading plans, topographical maps and similar data respecting the Property; all service, maintenance, management, brokerage, consulting, advertising and other agreements pertaining to the operation of the Property; all licenses, permits, maps, certificates of occupancy, building inspection approvals, and covenants, conditions, and restrictions respecting the Property; the property tax bills, utility bills, and similar records respecting the Property; and all feasibility studies, surveys, appraisals and marketing studies respecting the Property. In the event BUYER learns of a document pertaining to the Property that is not in SELLER's possession, upon BUYER's request for such item SELLER will request a copy of the document from the party holding it, provided BUYER pays in advance to SELLER all costs to be incurred in obtaining the document.

2.3 Right to Terminate. If BUYER disapproves of any material matter pertaining to the Property or the feasibility of profitably and successfully developing the contemplated shopping center, including the availability of suitable tenants at rental rates satisfactory to BUYER, BUYER shall have the right to terminate this Agreement by written notice to SELLER and Escrow Holder on or before 5:00 p.m., California time, on the Contingency Date, in which event the provisions of Section 4.8 shall apply. BUYER's failure to terminate this Agreement on or before 5:00 p.m., California time, on the Contingency Date shall constitute BUYER's waiver and release of its right to terminate this Agreement pursuant to this Section. If BUYER has not terminated this Agreement on or before the Contingency Date, BUYER acknowledges and agrees that (without limiting its rights under Sections 1,4, 1.5, 1.6, 1.7, 2.1, 2.4 or 3.1 or any other provision of this Agreement) BUYER (i) shall be deemed to have fully approved the condition of the Property and the findings of all tests, inspections, studies and reviews thereof and to have assumed the risk for having fully inspected the Property (including the availability of adequate utilities services to the Property, subject to SELLER's fulfillment of its obligations under this Agreement), and (ii) shall no longer have the right to terminate this Agreement pursuant to this Section or any right to delay or impede the Closing as a result of BUYER's obtaining,

failure to obtain or delay in obtaining any other documents or materials (provided SELLER has not committed a material default of its obligations under Section 2.2(b)). Notwithstanding the foregoing provisions of this Section, BUYER also shall have the right to terminate this Agreement in the event that SELLER falls more than sixty (60) days behind schedule as to any of the items set forth in the Entitlement Schedule except to the extent (1) due to Unavoidable Delays in which event there shall be a commensurate extension of each date set forth in the Entitlement Schedule that is materially affected by such Unavoidable Delays or (2) of any deferral of up to one year by BUYER (and not caused by delays by SELLER) of the April 29, 1998 date upon which BUYER contemplates commencement of construction of Buyer's Contemplated Improvements in which event there shall be an extension of each date set forth in the Entitlement Schedule by a like period of deferral but in no event longer than one year of extension.

2.4 Additional Tenant Contingency. BUYER has entered into agreements, or contemplates entering into agreements, with the following prospective major tenants for BUYER's development of the Property, with whom BUYER has negotiated or will negotiate with each of its prospective tenants a contingency date of June 15, 1997 (the "Tenant Entitlement Date") for such tenant's satisfying itself as to the ability to obtain all permits and approvals necessary to operate such tenant's business at the Property.

Notwithstanding the passage of the Contingency Date, if BUYER enters into a binding agreement to lease or sell with a tenant listed above, and such tenant terminates its agreement with BUYER by the Tenant Entitlement Date specified above for such tenant due to such tenant's inability to become satisfied that it will be able to obtain the Specific Site Approvals for such tenant's contemplated use of the Property, then BUYER shall have the right to terminate this Agreement on or before 5:00 p.m., California time, on the Tenant Entitlement Date for such tenant, in which event the provisions of Section 4.8 shall apply; provided, however, that BUYER shall not have such right with respect to such prospective tenant unless BUYER has included in its agreement with the prospective tenant a provision obligating such tenant to diligently prosecute such approvals. Notwithstanding the foregoing provisions of this Section, in the event a tenant listed above does not proceed reasonably and with due diligence toward obtaining such approval of its contemplated use of the Property, SELLER shall have a right either to require BUYER to waive the contingency set forth in this Section as to such tenant or terminate this Agreement. In the event SELLER believes in good faith after the Contingency Date that a tenant listed above is not proceeding reasonably and in good faith toward obtaining approval of its contemplated use of the Property, Seller may give BUYER written notice of such belief, and BUYER shall have a 10-day period within which to respond and, if such tenant is not proceeding reasonably and with due diligence, either waive the contingency set forth in this Section as to such tenant or terminate this Agreement in which event BUYER shall receive a refund of the Deposit, and the provisions of Section 4.8 shall apply.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 SELLER's Representations and Warranties. SELLER warrants and represents that the statements set forth in this Section are true and correct as of the date of this Agreement. SELLER's allowing the Closing to occur shall constitute additional representations and warranties that the statements set forth in this Section remain true and correct as of the Closing, except as may be disclosed in writing by SELLER to BUYER prior to the Closing, and the truth and accuracy of the representations and warranties made in this Section shall constitute a condition to the Closing solely for BUYER's benefit. SELLER shall indemnify, defend and hold harmless BUYER and its property and assets from all losses, liabilities, damages, costs and expenses (including attorneys' fees, disbursements and court costs actually and reasonably incurred) to the extent arising from the inaccuracy of the representations and warranties made in this Section. For purposes of this Section, "to SELLER's knowledge" shall mean the present, actual and personal knowledge of Thomas J. Motherway, Thomas A. Overturf, Stephen J. Barker, Mario Stavale or Merle G. Pautsch.

SELLER represents that the foregoing individuals are the personnel of SELLER with principal responsibility for the Property, including the development thereof.

(a) Litigation. Except as disclosed by SELLER to BUYER in writing, to SELLER's knowledge, there are no actions, suits, material claims, legal proceedings or any other proceedings, pending or threatened at law or in equity before any court or governmental agency affecting or relating to the Property or SELLER's ability to fulfill its obligations pursuant to this Agreement.

(b) Bankruptcy. No attachments or execution proceedings concerning the Property, and no assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against SELLER, nor are any of such proceedings contemplated by SELLER, nor has SELLER ever been a debtor under any case commenced under the United States Bankruptcy Code.

(c) Special Assessments. SELLER shall have the responsibility for paying in full at Closing any special assessments or charges levied or imposed against the Property as conditions to approval of the Master Plan or Reparcelization (including any bonds placed on the Property to fund Seller's Offsite Improvements. BUYER shall have no obligation for such special assessments or impositions imposed on the Property as conditions to approval of the Reparcelization or the Master Plan. Except for the matters to be imposed as conditions to the Master Plan or Reparcelization, to SELLER's knowledge no public or other improvements are being or have been constructed which have resulted or will result in special assessments or charges being levied against the Property not reflected in the Title Report or the documents referred to therein.

(d) Governmental Compliance. Except as described in the Environmental Assessment or other Delivered Documents, to SELLER's knowledge, no notices of violation of current governmental regulations, ordinances or laws relating to the Property (excepting the improvements thereon to be demolished pursuant to this Agreement) have been issued against SELLER, and, to SELLER's knowledge, no such violations exist that are material to the ownership, use or operation of the Property.

(e) Hazardous Materials. Except as disclosed in the Environmental Assessment or other Delivered Documents or the documents listed in the C-6 Facility Document Index delivered by SELLER to BUYER, dated February 12, 1997 and included in Exhibit "J" attached hereto, to SELLER's knowledge: (i) the Property is not contaminated by any Hazardous Materials; (ii) there is no proceeding or inquiry by any governmental body having jurisdiction thereof with respect thereto; (iii) the Property does not contain any underground storage tanks; (iv) the Property is free from Hazardous Materials; and (v) the Property is not in violation of any environmental law. For the purposes of this Agreement, the term "Hazardous Materials" means PCBs, dioxins, asbestos, radioactive substances, radon, explosives and petroleum and its by-products and other substances, materials and wastes which are, to SELLER's knowledge, injurious to persons or property.

(f) Leases. Except as disclosed in the Delivered Documents or the Title Report, there are no leases in effect pertaining to the Property to which SELLER is a party and, to SELLER's knowledge, no persons other than SELLER currently use or occupy or have any right to use or occupy the Property except pursuant to the provisions of documents disclosed in the Title Report.

(g) Service Agreements. Except as disclosed in the Delivered Documents, there are no service, maintenance, management, brokerage, consulting, operating, advertising or similar agreements in effect pertaining to the Property to which SELLER is a party and which will remain in effect after the Closing.

(h) Defaults. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any breach of the terms of, conditions of, or constitute a default under, any instrument or obligation by which

SELLER is bound, or violate any order, writ, injunction or decree of any court in any litigation to which SELLER is a party.

(i) Organization. SELLER is a corporation duly organized and validly existing and in good standing under the laws of California, with full authority to enter into this Agreement and perform its obligations pursuant hereto.

(j) Authority. The execution and delivery of this Agreement by SELLER has been duly authorized and approved by all requisite corporate action, and no other authorizations or approvals, whether of governmental bodies or otherwise, are necessary in order to enable SELLER to enter into or to comply with the terms of this Agreement, and the persons executing this Agreement on behalf of SELLER are authorized to do so and thereby bind SELLER thereto.

(k) Condemnation. To the SELLER's knowledge, there is no pending or contemplated condemnation of any of the Property or any part thereof.

(l) FIRPTA. SELLER is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

(m) Mechanic's Liens. To SELLER's knowledge, the Property is free and clear of, and is not subject to, any laborers', mechanics' or materialmen's lien (either perfected or unperfected) or any claim, agreement, lien, mortgage, deed of trust, indenture, security agreement, encumbrance, easement, reservation, restriction, judgment or decree which is not set forth in the Title Report.

(n) Delivered Documents. Except as disclosed in writing by SELLER to BUYER, to SELLER's knowledge none of the Delivered Documents contains statements of fact that are materially false or misleading (except such statements as are corrected in the Delivered Documents or other information that may be received by BUYER).

3.2 BUYER's Representations and Warranties. BUYER warrants and represents that the statements set forth in this Section are true and correct as of the date of this Agreement. BUYER's allowing the Closing to occur shall constitute additional representations and warranties that the statements set forth in this Section remain true and correct as of the Closing, except as may be disclosed in writing by BUYER to SELLER prior to the Closing, and the truth and accuracy of the representations and warranties made in this Section shall constitute a condition to the Closing solely for SELLER's benefit. After the Closing, BUYER shall indemnify, defend and hold harmless SELLER and its property and assets from all losses, liabilities, damages, costs and expenses (including attorneys' fees, disbursements and court costs actually and reasonably incurred) to the extent arising from the inaccuracy of the representations and warranties made in this Section.

(a) Sole Reliance. Except for reliance upon the express representations and warranties of SELLER set forth in this Agreement and full performance by SELLER of its obligations under this Agreement, BUYER is relying solely upon its own inspections, investigations and analyses of the Property in purchasing the Property and is not relying in any way upon any representations, statements, agreements, warranties, studies, reports, descriptions, guidelines or other information or material furnished by SELLER or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any of the foregoing matters.

(b) As Is. Except for reliance upon the express representations and warranties of SELLER set forth in Sections 3.1 and full performance by SELLER of its obligations under this Agreement, (i) BUYER is acquiring the Property "AS IS," without representation by SELLER, and (ii) no patent or latent condition affecting the Property in any way, whether or not known or discoverable or hereafter discovered, shall affect any of BUYER's obligations contained in this Agreement or give rise to any right of damages, rescission or otherwise against SELLER.

(c) Defaults. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any breach of the terms of, conditions of, or constitute a default under, any instrument or obligation by which BUYER is bound, or violate any order, writ, injunction or decree of any court in any litigation to which BUYER is a party.

(d) Organization. BUYER is a corporation duly organized and validly existing and in good standing under the laws of Arizona and is duly qualified to transact business in California, with full authority to enter into this Agreement and perform its obligations pursuant hereto.

(e) Authority. The execution and delivery of this Agreement by BUYER has been duly authorized and approved by all requisite partnership and corporate action, and no other authorizations or approvals, whether governmental, quasi-governmental or otherwise, are necessary in order to enable BUYER to enter into or to comply with the terms of this Agreement, and the persons executing this Agreement on behalf of BUYER are authorized to do so and hereby bind BUYER hereto.

3.3 Limitation on Enforcement of Rights. The representations and warranties of SELLER set forth in Section 3.1 and the representations and warranties of BUYER set forth in Section 3.2 shall survive the Closing, but shall expire on the date eighteen (18) months after the Closing, after which date no action shall be commenced with respect thereto. In the event either party has actual knowledge of any breach of any representation or warranty of the other party prior to the Closing and fails to notify that party thereof in reasonable detail and in writing prior to the Closing, the party with knowledge of such breach shall be deemed to have waived any such breach and shall thereafter be estopped from bringing any action with respect to such breach.

ARTICLE IV

ESCROW

4.1 Opening of Escrow. Within two (2) business days after execution of this Agreement by SELLER and BUYER, SELLER and BUYER shall open an escrow (the "Escrow") with Chicago Title Company, 16969 Von Karman Avenue, Irvine, California 92714, Attn: Lorri Beasley (the "Escrow Holder") by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to BUYER and SELLER when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof (the "Opening of Escrow"). In addition, the parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit "K." In the event of any discrepancy between the General Provisions and the other provisions of this Agreement, such other provisions of this Agreement shall prevail.

4.2 Closing of Escrow. Provided all conditions to the Closing have been satisfied or waived by the benefitted party, the delivery of funds and recordation of documents to be completed by Escrow Holder pursuant to Section 4.6 (the "Closing") shall occur on the date thirty (30) days (or earlier at the option of the BUYER) after the later to occur of (i) the City's final approval of the Master Plan and Reparcelization, (ii) SELLER's completion of the Site Work, (iii) Completion of the Remediation except for the Excluded Portion, and (iv) SELLER's completion of Seller's Offsite Improvements except for the Deferred Work (the "Closing Date"), but in no event shall the Closing Date be later than twenty (20) days after the Deadline Date (*i.e.*, April 9, 1998, as defined in Section 1.5(a)). If the Escrow is not in a condition to close by the date 20 days after the Deadline Date, BUYER (provided BUYER is not in default under this Agreement) or SELLER (provided SELLER is not in default under this Agreement) shall have the right to terminate this Agreement, and Escrow Holder shall continue to comply with the instructions contained herein until a written demand for cancellation of the Escrow has been made by the non-defaulting party or, in the event neither party is in default, the party for whose benefit

any unfulfilled and unwaived condition to the Closing has been created. Upon such a written proper demand, Escrow Holder shall notify the other party of any such demand and shall immediately cancel the Escrow without any further instructions from any party.

4.3 Deliveries by BUYER Prior to the Closing. Prior to the Closing, BUYER shall deposit or cause to be deposited with Escrow Holder all of the following:

(a) In immediately available funds, the full balance of the Base Purchase Price and the amount of costs and prorations, payable by BUYER pursuant to Section 4.5;

(b) A counterpart of the 1099 Designation, as described in Section 4.9, properly executed by BUYER;

(c) The consent to the CC&Rs and the other documents described in Section 1.8(a), executed and acknowledged by BUYER;

(d) The Environmental Indemnity, as described in Section 1.6(c), executed by BUYER; and

(e) All such other documents and instruments as may be reasonably required of BUYER by Escrow Holder to allow the Closing to occur, including, but not limited to, a holdback escrow agreement governing any holdback for portions of the Deferred Work pursuant to Section 1.5(a).

4.4 Deliveries by SELLER Prior to the Closing. Prior to the Closing, SELLER shall deposit or cause to be deposited with Escrow Holder all of the following:

(a) The Grant Deed, as described in Section 1.4, executed and acknowledged by SELLER and in recordable form;

(b) The General Assignment, as described in Section 1.4, executed by SELLER;

(c) The CC&Rs and other documents described in Section 1.8(a), executed and acknowledged by SELLER and in recordable form;

(d) The Seller's Restrictions, as described in Section 1.8(b), executed and acknowledged by SELLER and in reasonable form;

(e) Certificate of Non-Foreign Status and SELLER's State Tax Withholding Certificate in the forms attached hereto as Exhibit "L," executed by SELLER;

(f) A counterpart of the 1099 Designation, as described in Section 4.9, executed by SELLER;

(g) The Environmental Indemnity, as described in Section 1.6(c), executed by SELLER;

(h) The Guaranty, as described in Section 1.6(c), executed and acknowledged by MDC;

(i) All such other documents and instruments as may be reasonably required of SELLER by Escrow Holder to allow the Closing to occur, including, but not limited to, a holdback escrow agreement governing any holdback for portions of the Deferred Work pursuant to Section 1.5(a); and

(j) Evidence of final approval of the Reparcelization.

4.5 Costs and Prorations.

(a) Escrow and Title Fees. BUYER and SELLER each shall pay one-half (1/2) of the Escrow Holder's fee and all recording and filing costs. SELLER shall pay the cost of all documentary transfer taxes, and the CLTA portion of the premium for the Title Policy. BUYER shall pay the ALTA portion of the premium for the Title Policy (and any further survey work required beyond the Survey delivered by SELLER) and the cost of all title endorsements requested by BUYER. All other costs or expenses not otherwise provided for in this Agreement shall be apportioned or allocated on an accrual basis between BUYER and SELLER in the manner customary in Los Angeles County, California.

(b) Proration Schedules. Except as set forth in Section 3.1(c), all current real property taxes and all payments on general and special bonds and assessments on the Property shall be prorated by Escrow Holder between BUYER and SELLER as of Closing Date based upon the latest available tax information, using customary escrow procedures. In the event an item is prorated on any basis other than actual amounts incurred or imposed and such actual amounts become known after the Closing, SELLER and BUYER agree to re-prorate such item using the actual numbers when obtained, and the adjustment shall be paid by BUYER or SELLER to the other, as the case may be, within thirty (30) days after the actual proration amount becomes known.

(c) Expenses of the Property. SELLER shall pay all utility payments, payments and other costs and expenses pertaining to the use or operation of the Property attributable to the period of SELLER's ownership of the Property prior to the Closing Date, and BUYER shall pay all such costs and expenses attributable to the period on or after the Closing Date, except for SELLER's costs of completing the Excluded Portion of the Remediation and the Deferred Work as set forth in this Agreement.

4.6 Recordation of Documents and Delivery of Purchase Price and Documents. When all required funds and instruments have been deposited into Escrow by the appropriate parties and when all other conditions to Closing have been fulfilled, Escrow Holder shall cause the Grant Deed (with documentary transfer tax information to be filed separately) and the CC&Rs and Seller's Restrictions to be recorded in the Official Records of Los Angeles County, California. BUYER shall be entitled to possession of the Property immediately upon the Closing. Upon the Closing, Escrow Holder shall deliver (i) to SELLER, the Purchase Price (less prorations provided for herein and charges payable by SELLER hereunder) and a conformed copy of the recorded Grant Deed, CC&Rs and Seller's Restrictions, and (ii) to BUYER, a conformed copy of the recorded Grant Deed, CC&Rs and Seller's Restrictions, the General Assignment, the certificates described in Section 4.4(e) and the Title Policy, the Environmental Indemnity and the Guaranty.

4.7 Title Policy. It shall be a condition to the Closing for BUYER'S benefit that the Title Company be committed to deliver to BUYER an ALTA Extended Coverage Owner's Policy of Title Insurance dated as of Closing, insuring BUYER in an amount equal to the Purchase Price and showing title vested in BUYER subject only to the Title Company's standard printed exclusions and exceptions and the Permitted Exceptions (the "Title Policy"). BUYER may at its sole cost and expense arrange with the Title Company to have the Title Policy issued with such endorsements as BUYER may desire, provided that such arrangements shall not constitute a condition to, or impede or delay, the Closing.

4.8 Termination. If BUYER or SELLER elects to terminate this Agreement as permitted pursuant to this Agreement, such terminating party shall send written notice thereof to the other party and may send written demand to Escrow Holder for cancellation of the Escrow. Upon receipt of such demand, Escrow Holder shall return all funds deposited into Escrow to the party entitled and any documents held by Escrow Holder to the party depositing same. In addition, BUYER and SELLER shall comply with any requirements reasonably imposed by Escrow Holder to evidence such cancellation. In the event that the Escrow shall fail to close by reason of the default of either party under this Agreement, the defaulting party shall be liable for all escrow cancellation charges. In the

event that the Escrow shall fail to close for any other reason, each party shall be liable for one half (1/2) of all escrow cancellation charges. Upon any termination of this Agreement, BUYER shall return to SELLER all originals and copies of any studies, reports and other documents previously supplied to BUYER by SELLER, and shall deliver to SELLER without charge one copy of any and all such documents which BUYER shall have obtained with respect to the Property at any time prior to such termination.

4.9 IRS Form 1099-B. For purposes of complying with Section 6045 of the Code, as amended by Section 1521 of the Code, Escrow Holder shall be deemed the "person responsible for closing the transaction," and shall be responsible for obtaining the information necessary to file with the Internal Revenue Service Form 1099-B, "Statement for Recipients of Proceeds From Estate, Broker and Barter Exchange Transactions." In connection therewith, SELLER, BUYER and Escrow Holder shall execute a written designation in the form attached hereto as Exhibit "M" the ("1099 Designation").

ARTICLE V

OTHER AGREEMENTS OF SELLER AND BUYER

5.1 Further Documents and Acts. Each of the parties hereto agrees to cooperate in good faith with each other, and to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

5.2 Damage and Destruction; Condemnation. SELLER shall notify BUYER immediately of the occurrence of any damage to or destruction of the Property, or the institution or maintenance of any condemnation or similar proceedings with respect to the Property. In the event of (a) any damage to or destruction of the Property which SELLER does not agree, within fourteen (14) days after the occurrence of any such damage or destruction, to repair or restore so that the Property is in its preexisting condition prior to the Closing, or (b) in the event any condemnation or similar proceedings are instituted or maintained with respect to a material portion of the Property, BUYER at its option either (i) may terminate this Agreement and receive a full refund of the Deposit by electing such termination within thirty (30) days after the occurrence of such damage or destructions or (ii) in absence of such election, shall be deemed to have waived the right to terminate this Agreement due to such damage or proceeding and elected to consummate the contemplated transactions otherwise pursuant to the provisions of this Agreement. In the event that BUYER elects to consummate the purchase pursuant to clause (ii) immediately above, all insurance or condemnation proceeds collected in connection with such damage or destruction or proceedings (excluding business interruption, rental loss and similar proceeds attributable to periods prior to the Closing Date) shall be delivered to BUYER upon the Closing. All entitlement to all other insurance or condemnation proceeds arising out of such damage or destruction or proceedings (excluding business interruption, rental loss and similar proceeds attributable to periods prior to the Closing Date) shall be assigned by SELLER to BUYER upon the Closing. Nothing contained herein shall obligate SELLER to repair or restore the Property in the event of any damage or destruction of the Property, unless it has agreed to do so pursuant to clause (a) above. If any of the matters described in this Section occur at a time when the scheduled Closing Date would not afford sufficient time for the operation of the repair and election period, the Closing Date shall be extended so as to allow for their operation.

5.3 Mutual Notification of Change in Conditions. Each party shall promptly notify the other of any material change in any condition with respect to the Property or of any event or circumstance which makes any representation or warranty of such party under Article III untrue or misleading (as of the time of such change of conditions), or any covenant of such party under this Agreement incapable or less likely of being performed, it being understood that such party's obligation to provide notice to the other party shall in no way relieve such party of any liability for a breach by such party of any of such party's representations, warranties or covenants under this Agreement.

5.4 Assignment. BUYER shall not assign any of its rights or interests under this Agreement to any person or entity other than an entity controlling, controlled by or under common control with BUYER or any entity in which such entity is a general partner or Managing Member (an "Affiliate"). No assignment of this Agreement shall relieve BUYER from any obligation under this Agreement, except that, if BUYER's assignee is an entity formed at the behest of BUYER for the purposes of owning and developing the Property and such assignee is capitalized with funds at least equal to 20% of the equity necessary to fund the contemplated development and construction of Buyer's Contemplated Improvements and such assignee assumes all of BUYER's obligations under this Agreement, then upon the assignment to and assumption by such assignee and the occurrence of the Closing, Vestar Development Co. shall be relieved of all further liability under this Agreement. Any attempted assignment in violation of this Section shall be void and shall constitute a material default under this Agreement by BUYER.

ARTICLE VI

REMEDIES

6.1 Time of Essence and Defaults. Time is of the essence of every provision of this Agreement of which time is an element.

6.2 SELLER's Failure. If SELLER commits any default under this Agreement, then, subject to the provisions of Section 1.7 and any other specific provisions to the contrary contained in this Agreement, BUYER shall be entitled to receive back the Deposit and to either (i) cancel this Agreement and Escrow, or (ii) pursue any rights or remedies that BUYER may have under applicable law, including the right to sue for damages and specific performance.

6.3 BUYER's Failure. SELLER AND BUYER ACKNOWLEDGE THAT SUBSTANTIAL DAMAGES WILL BE SUFFERED BY SELLER IN THE EVENT THAT THE CLOSING SHOULD FAIL TO OCCUR DUE TO A DEFAULT BY BUYER UNDER THIS AGREEMENT. WITH THE UNPREDICTABLE STATE OF THE ECONOMY AND OF GOVERNMENTAL REGULATIONS, THE FLUCTUATING MARKET FOR REAL ESTATE AND REAL ESTATE LOANS OF ALL TYPES, AND OTHER FACTORS WHICH DIRECTLY AFFECT THE VALUE AND MARKETABILITY OF THE PROPERTY, THE PARTIES REALIZE THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE, IF NOT IMPOSSIBLE, AS OF THE SIGNING OF THIS AGREEMENT, TO ASCERTAIN WITH ANY DEGREE OF CERTAINTY THE EXTENT OF DAMAGES TO SELLER IN THE EVENT THE CLOSING FAILS TO OCCUR DUE TO BUYER'S DEFAULT. THE PARTIES HEREBY AGREE THAT A REASONABLE ESTIMATE OF SUCH DAMAGES IS THE AMOUNT OF THE DEPOSIT ACCORDINGLY, IF THE CLOSING FAILS TO OCCUR DUE TO ANY DEFAULT BY BUYER, SELLER SHALL BE ENTITLED TO RETAIN THE DEPOSIT AS ITS SOLE AND EXCLUSIVE REMEDY FOR SUCH DEFAULT. IN SUCH EVENT, TO THE EXTENT THE DEPOSIT IS HELD BY ESCROW HOLDER, ESCROW HOLDER IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE TO SELLER THE DEPOSITS UPON PROPER DEMAND OF SELLER ALONE. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION, THIS SECTION SHALL NOT LIMIT ANY RECOVERY BY SELLER PURSUANT TO THE PROVISIONS OF SECTIONS 2.2(a), 7.2, 7.3, 7.11 AND 7.12.

BUYER's Initials SELLER's Initials

6.4 Notice of Default. If SELLER or BUYER commits any default under this Agreement, then, prior to pursuing any available remedy, the aggrieved party shall give the defaulting party ten (10) days' written notice during which the defaulting party shall have the right to cure its default.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Waiver and Consent. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement,

7.2 Attorneys' Fees. In the event of any action or proceeding instituted between SELLER, BUYER or Escrow Holder in connection with this Agreement, then as between BUYER and SELLER the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including, without limitation, court costs, costs of appeals, attorneys' fees and disbursements actually and reasonably incurred.

7.3 Broker's Commission. Except for The Seeley Company to whom SELLER shall pay a commission pursuant to a separate agreement, SELLER represents and warrants to BUYER and BUYER represents and warrants to SELLER that no broker or finder has been engaged by SELLER or BUYER, respectively, in connection with any of the transactions contemplated by this Agreement, and that no broker or finder is in any way connected with any of such transactions. Except as expressly set forth above, in the event of any claim for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transactions contemplated hereby, BUYER shall indemnify, hold harmless and defend SELLER from and against such claim if it shall be based upon any statement or representation or agreement made by BUYER, and SELLER shall indemnify, hold harmless and defend BUYER from and against such claim if it shall be based upon any statement, representation or agreement made by SELLER.

7.4 Notices. Any notice, demand, approval, consent, or other communication required or permitted hereunder or by law shall be validly given or made only if in writing, properly sent by mail, courier or telecopy, and addressed to the party for whom intended, as follows:

If to SELLER:
McDONNELL DOUGLAS REALTY COMPANY
4060 Lakewood Boulevard, 6th Floor
Long Beach, California 90808-1700
Attn: Thomas A. Overturf
Telephone: (310) 627-3080
Telecopy: (310) 627-3109

With a copy to:
Hewitt & McGuire
19900 MacArthur Blvd., Suite 1050
Irvine, California 92612
Attn: Jay F. Palchikoff
Telephone: (714) 798-0730
Telecopy: (714) 798-0511

If to BUYER:
VESTAR DEVELOPMENT CO.
2425 East Camelback Road, Suite 750
Phoenix, AZ 85016
Attn: President
Telephone: (602) 866-0900
Telecopy: (602) 955-2298

With a copy

VESTAR DEVELOPMENT CO.
2425 East Camelback Road, Suite 750
Phoenix, AZ 85016
Attn: Allan J. Kasen
Telephone: (602) 553-2644 or (602) 866-0900
Telecopy: (602) 955-2298

If to Escrow Holder:

Chicago Title Company
16969 Von Karman Avenue
Irvine, CA 92714
Attn: Lorri Beasley
Telephone: (714) 263-2500 (714) 263-2544
Telecopy: (714) ~~263-0366~~ 752-8043

Any party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. Each such notice, demand, approval, consent, or other communication shall be deemed effective and given (i) ten (10) days after deposit in the United States mail in the State of California or State of Arizona, if sent by certified mail with postage prepaid, return receipt requested, or (ii) upon receipt if delivered or sent in any other way. BUYER and SELLER hereby agree that notices may be given hereunder by the parties' respective counsel and that, if any communication is to be given hereunder by BUYER's or SELLER's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Section.

7.5 Gender and Number. In this Agreement (unless the context requires otherwise), the masculine, feminine and neuter genders and the singular and the plural shall be deemed to include one another, as appropriate.

7.6 Entire Agreement. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded by and merged into this Agreement, specifically including, but not limited to, the letter of intent between the parties, dated December 22, 1995.

7.7 Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof. All uses of the words "Article(s)" and "Section(s)" in this Agreement are references to articles and sections of this Agreement, unless otherwise specified.

7.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

7.9 Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

7.10 Amendments. No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in a writing signed by both BUYER and SELLER.

7.11 No Recorded Memorandum. BUYER shall not, without the prior written consent of SELLER, which consent may be withheld in SELLER's sole discretion, record this Agreement or a short form or memorandum hereof or record any other document which would materially and adversely affect the marketability of SELLER's title to the Property except in good faith pursuit of a remedy for a breach by SELLER under this Agreement. Failure of BUYER to comply with this Section 7.11 shall be a material default

by BUYER under this Agreement and, at the election of SELLER, shall automatically and immediately terminate all of BUYER's rights to the Property under this Agreement, and thereafter BUYER shall not have any right, title, or interest in or to the Property whatsoever.

7.12 Resolution of Disputes. SELLER and BUYER have agreed on the following mechanisms in order to obtain prompt and expeditious resolution of all controversies, claims or disputes arising out of or in connection with the performance or non-performance of any terms of this Agreement and on the equitable and fair allocation as to the parties' obligations hereunder.

(a) Reference of Dispute. Any dispute seeking damages, interpretation of this Lease and any dispute seeking equitable relief, such as but not limited to specific enforcement of any provision hereof, shall be heard and determined by a referee pursuant to California Code of Civil Procedure Section 638, subdivision 1. The venue of any proceeding hereunder shall be in Los Angeles County, unless changed by order of the referee.

(i) Procedure for Appointment. The party seeking to resolve the dispute shall file in court and serve on the other party a complaint describing the matters in dispute. Service of the complaint shall be as prescribed by California law. At any time after service of the complaint, any party may request the designation of a referee to try the dispute. Thereafter SELLER and BUYER shall use their best efforts to agree upon the selection of a referee from among the available referees at Judicial Arbitration and Mediation Service ("JAMS"). If SELLER and BUYER are unable to agree upon a referee within ten days after a written request to do so by any party, then either may petition the judge of the Superior Court to whom the case is then assigned to appoint a referee from JAMS. For the guidance of the judge making the appointment of said referee, SELLER and BUYER agree that the person so appointed shall be a retired judge from JAMS experienced in the subject matter of the dispute.

(ii) Standards for Decision. To the extent consistent with the terms of this Agreement, the provisions of California Code of Civil Procedure, Sections 642, 643, 644 and 645 shall be applicable to dispute resolution by a referee hereunder. In an effort to clarify and amplify the provisions of California Code of Civil Procedure, Sections 644 and 645, SELLER and BUYER agree that the referee shall decide issues of fact and law submitted by the parties for decision in the same manner as required for a trial by court as set forth in California Code of Civil Procedure, Sections 631.8 and 632, and California Rules of Court, Rule 232. The referee shall try and decide the dispute according to all of the substantive and procedural law of the State of California, unless SELLER and BUYER stipulate to the contrary. When the referee has decided the dispute, the referee shall also cause the preparation of a judgment based on said decision. The judgment to be entered by the Superior Court of Los Angeles County, California will be based upon the decision of the referee. SELLER and BUYER agree that the referee's decision shall be appealable in the same manner as if the judge signing the judgment had tried the case.

(b) Cooperation. SELLER and BUYER shall diligently cooperate with one another and the person appointed to resolve the dispute, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute. If any party refuses to diligently cooperate, any other party, after first giving notice of its intent to rely on the provisions of this Section 7.12(b), incurs additional expenses or attorneys' fees solely as a result of such failure to diligently cooperate, the referee may award such additional expenses and attorneys' fees to the party giving such notice, even if such party is not the prevailing party in the dispute.

(c) Allocation of Costs. The cost of the proceeding shall initially be borne equally by SELLER and BUYER, but, subject to Section 7.12(b), the prevailing party in such proceeding shall be entitled to recover, in addition to reasonable attorneys' fees

and all other costs, its contribution for the reasonable cost of the referee as an item of recoverable costs. The referee shall include such costs in his judgment or award.

7.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

7.14 Survival of Covenants. All covenants set forth in this Agreement and not required by this Agreement to be performed prior to the Closing shall survive the Closing, subject to the limitations set forth in Section 3.3 regarding the representations and warranties set forth in Section 3.1 and Section 3.2.

7.15 Successors and Assigns. Without limiting the restrictions on transfer set forth in this Agreement, every provision of this Agreement shall be binding upon, and shall inure to the benefit of, the successors (by merger or dissolution) and permitted assigns of the parties (including any Affiliate that acquires the Property from BUYER), but not other transferees of any right or interest in the Property except anyone knowingly acquiring such rights in violation of BUYER's rights under this Agreement. Except to the extent specifically described in this Section, there are no third party beneficiaries to this Agreement.

7.16 Objective Construction. This Agreement reflects the negotiated agreement of the parties. Accordingly, this Agreement shall be construed as if both parties jointly prepared this Agreement and no presumption against one party or the other shall govern the interpretation or construction of any of the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written, and such date shall be considered for all purposes to be the date of this Agreement.

SELLER:

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____
Thomas J. Motherway, President

BUYER:

VESTAR DEVELOPMENT CO., an Arizona corporation

By: _____
Lee T. Hanley
President

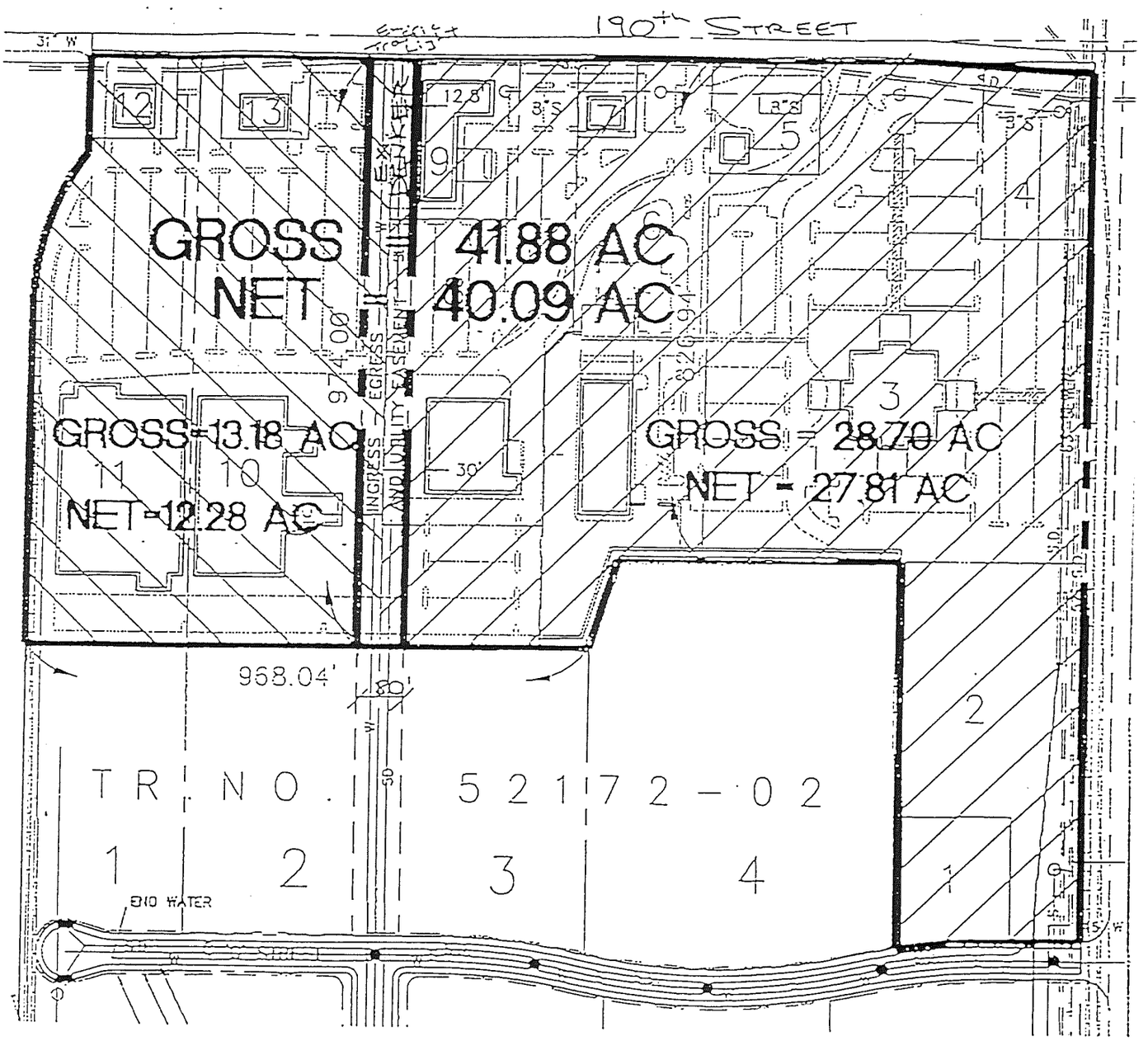
The undersigned Escrow Holder hereby certifies that Escrow opened as of April 7, 1997, as Escrow No. 7326026-MM9 The undersigned Escrow Holder agrees to act as Escrow Holder pursuant to the terms of this Agreement.

CHICAGO TITLE COMPANY

By: _____
Lorri Beasley,
Escrow Officer

EXHIBIT "A"

THE PROPERTY AND SITE PLAN



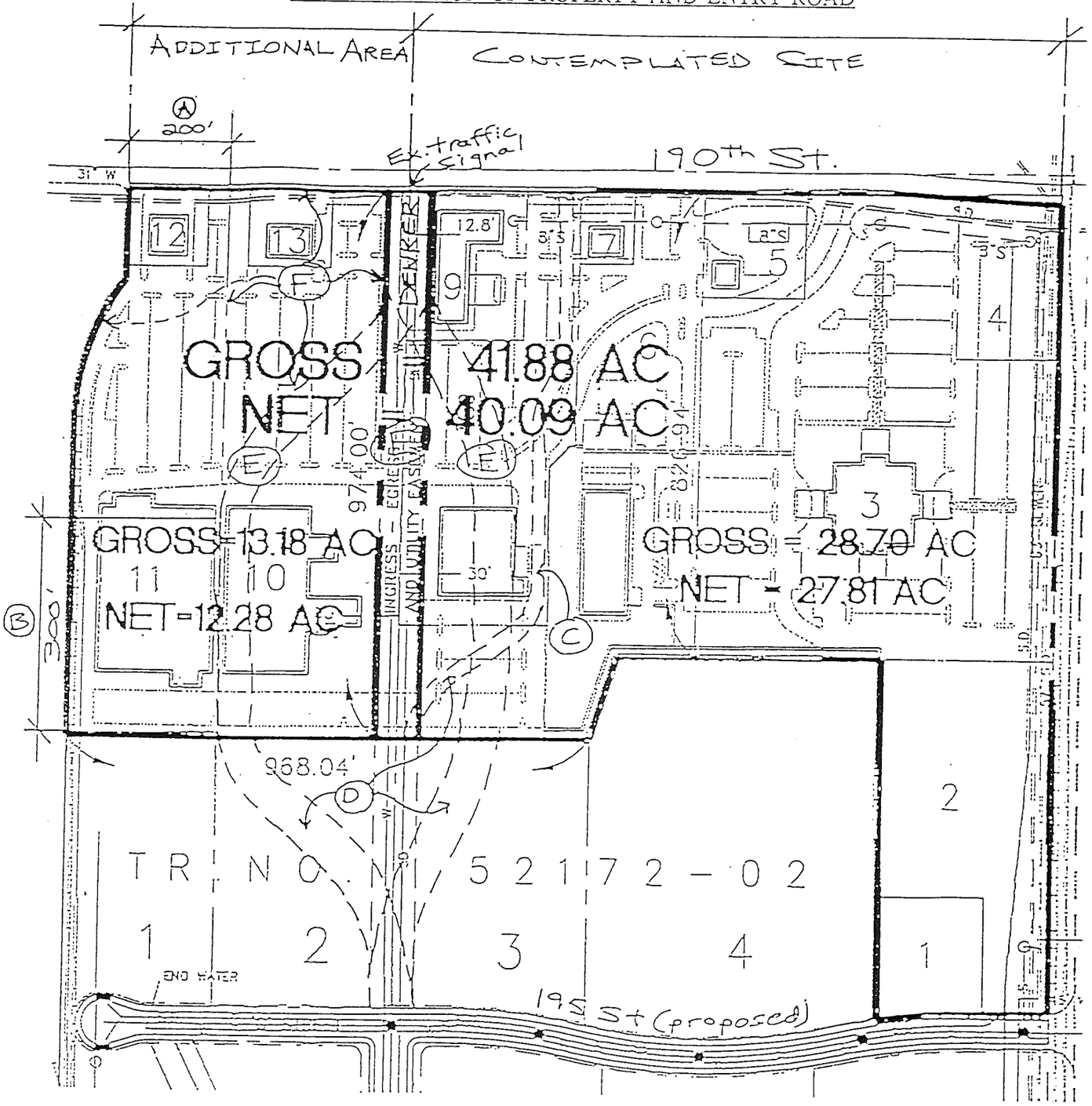
- CONTEMPLATED SITE

- ADDITIONAL AREA

03-27-97 6002-00034
S:\DOC\111\96010010.A19

EXHIBIT "A-1"

CONFIGURATION OF PROPERTY AND ENTRY ROAD



Ⓐ Minimum width of portion of Additional Area not included in Property.

Ⓑ Minimum frontage of portion of Additional Area not included in Property onto Entry Road.

Ⓒ Possible location of 30' utilities easement (if Entry Road not developed by Seller) reasonably straight configuration within 200' east or west of Denker

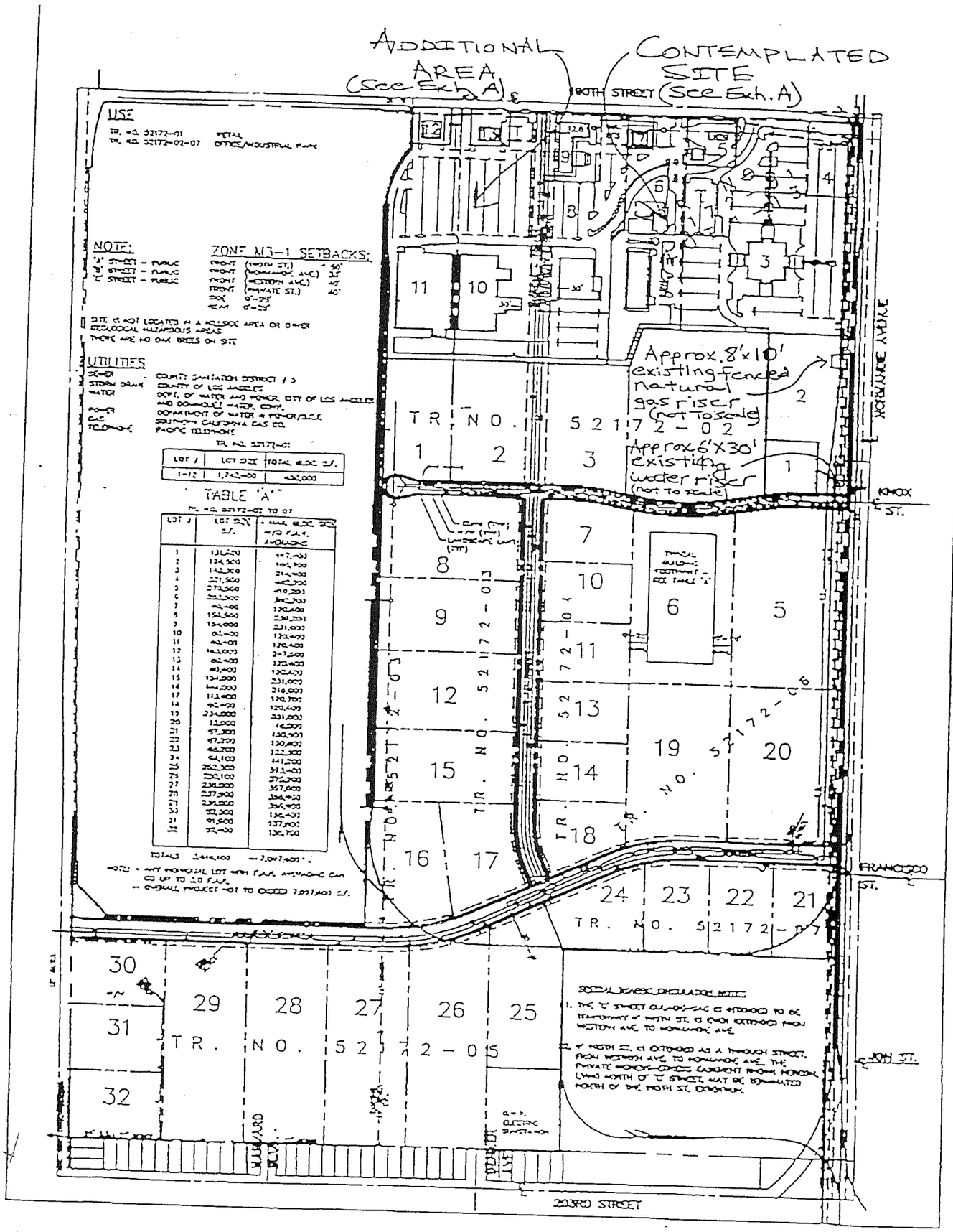
Ⓓ Entry Road and utilities easement configuration must conform to all City and Bureau of Engineering standards and requirements.

Ⓔ Examples of possible locations of Entry Road (if developed by Seller), subject to Seller's right to select location at or to the west of the Western Boundary (but see Ⓕ).

Ⓕ If Buyer elects to include all or portion of Additional Area in Property, Entry Road may

EXHIBIT "A-2"

170-ACRE PARCEL



03-27-97 6002-00034
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4-TRANSFORMER SWITCH GEAR BLDG TO REMAIN

POTENTIAL ACCESS DRIVE FROM EXIST RAIL CROSSING

RAIL CROSSINGS NOT APPROVED AT THIS TIME

195TH STREET

NORMANDIE AVENUE

190TH STREET

CANNOT CUT CORNER THRU BLDG 86

MUST LEAVE MIN. 26' TO N.W. CORNERS OF EXIST. BLDG.

AUTO SALES

CRS

EXISTING SIGNALIZED INTERSECTION

DEPICTION OF EXISTING IMPROVEMENTS

EXHIBIT "A-3"

MDRC EXISTING BUILDING PLAN OVERLAY TO SHOW CONSTRAINTS

ON JAN 17 1997 SPT

BOE-C6-0094718

EXHIBIT "B"

GRANT DEED

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

Attention:

MAIL TAX STATEMENTS TO ADDRESS ABOVE

(Space above for Recorder's Use Only)

Parcel No. _____

[Statement Of Tax Due and Request that Stamps not be Made Part of the Permanent Record to be filed separate from the Grant Deed.]

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, McDONNELL DOUGLAS REALTY COMPANY, a California corporation, hereby GRANTS to VESTAR DEVELOPMENT CO., an Arizona corporation, the real property in the County of Los Angeles, State of California described as follows:

Parcel A: Parcel ___ of Parcel Map No. _____, as filed in Book _____, Pages __ and __ of Parcel Maps in the Official Records of the County of Los Angeles, State of California.

Parcel B: All rights appurtenant to Parcel A, including all easements and rights as set forth in Paragraph ___ entitled "Declaration of Road Easement" and Paragraph ___ entitled "Declaration of Utilities Easements" of the Declaration of Easements, Covenants, Conditions and Restrictions recorded on _____, 199__, as Instrument No. _____ in the Official Records of the County of Los Angeles, State of California (the "CC&Rs").

RESERVING UNTO GRANTOR, its successors and assigns, together with the right to grant and transfer all or a portion of the same, except as granted hereby, easements and rights as reserved to Grantor as Declarant and as Parcel Owner in the CC&Rs, including, without limitation, the reservation of easements as set forth in Paragraph ___ of the CC&Rs entitled "Reservations to Declarant".

SUBJECT TO:

1. Current Taxes and Assessments.

2. The CC&Rs and the covenants, conditions, restrictions, rights, easements, reservations, benefits and burdens therein contained, each and all of which are (i) covenants running with the land established in accordance with Section 1468 of the California Civil Code for the benefit of and binding upon the parties hereto and each successive owner of all or any portion of the land affected thereby and (ii) hereby expressly incorporated herein by reference as though set out herein in full.

3. All other covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record as well as any of such matters that are apparent.

IN WITNESS WHEREOF, the undersigned has executed this document as of the day and year indicated.

Dated: _____, 199_

GRANTOR:

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, a notary public in and for said State, personally appeared Thomas J. Motherway, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, a notary public in and for said State, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT 1 TO GRANT DEED

(TO BE ATTACHED)

EXHIBIT "C"

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (the "Assignment") is made and entered into as of _____, 199_, by and between McDONNELL DOUGLAS REALTY COMPANY, a California corporation ("Assignor"), and VESTAR DEVELOPMENT CO., an Arizona corporation ("Assignee), effective as of the date hereof.

1. For value received, Assignor hereby bargains, sells, conveys, assigns and transfers to Assignee all of Assignor's right, title and interest, if any, in and to the following:

(a) all appraisal, engineering, soils, environmental ground water, grading, architectural, remediation and other reports, studies and plans relating to the real property described in Exhibit "A" attached hereto (the "Real Property") or contemplated development thereof in the possession of Assignor; and

(b) all other tangible and intangible personal or other property rights and appurtenances, including all warranties, guarantees and indemnities relating to the Real Property or other items of the personal property, including, without limitation, all development rights, drawings, mineral rights, interests, privileges and appurtenances and all business licenses, permits and certificates pertaining to the Real Property, which Assignor has the right and power to assign.

2. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

3. In the event of any controversy arising out of or in connection with this Assignment, the prevailing party in any such action or proceeding shall be entitled to receive from the other party all costs and expenses, including actual attorneys' fees, disbursements, and court costs reasonably incurred by the prevailing party in connection with such action or proceeding.

4. This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed wholly within the State of California.

5. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which shall collectively constitute one Assignment.

IN WITNESS WHEREOF, this Assignment has been executed effective as of the date first above written.

ASSIGNOR:

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

ASSIGNEE:

VESTAR DEVELOPMENT CO., an Arizona corporation

By: _____

03-27-97 6002-00034
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VESTAR DEVELOPMENT CO. | DATE: 11/30/95 | PRELIMINARY | X | PREPARED BY: EJR
TIME: 1:09 PM | ORIG BUDGET | | REVIEWED BY: PCT
PROJECT NAME: MCDONALD DOUGLAS | FILE NAME: MCDONALD DOUGLAS | UPDATE | | PROJECT MGR: RJK
LOCATION: 190TH STREET AND NORMANDIE AVENUE

PROFORMA INCOME STATEMENT

INCOME:					
WAL-MART	SALE				
SPORTS AUTHORITY	50,000 SQ. FT. @	$11.00	/ SQ. FT. =	$550,000	
OFFICE MAX	30,000 SQ. FT. @	$16.00	/ SQ. FT. =	$480,000	
HOME EXPRESS	40,000 SQ. FT. @	$13.00	/ SQ. FT. =	$520,000	
EDWARD'S	50,000 SQ. FT. @	$16.00	/ SQ. FT. =	$800,000	
BARNES & NOBLE	25,000 SQ. FT. @	$15.00	/ SQ. FT. =	$375,000	
SHOPS	34,000 SQ. FT. @	$21.00	/ SQ. FT. =	$501,000	
	219,000 GROSS OPERATING INCOME				$3,229,000
EXPENSES:					
VACANCY (@ 10% OF SHOP & PAD BTS SPACE)				$50,100	
MAINTENANCE RESERVE (@ .15 per square foot)				$32,850	
MANAGEMENT FEE (@ 3.5% of gross operating income)				$145,305	
MANAGEMENT FEE REIMBURSEMENT (30% recovery)				($43,592)	
ADVERTISING & PROMOTION				$20,000	
TOTAL EXPENSES					$204,963
NET OPERATING INCOME					$3,024,037

PERMANENT LOAN INFORMATION	MINIMUM COVERAGE	CALCULATED COVERAGE	INTEREST RATE	TERM	AMORTIZATION PERIOD	LOAN TO VALUE	LOAN AMOUNT
	1.20	1.26	9.00%	10	25	75%	$23,070,000

NET PROJECT COST (ADJ.)	$25,200,998	NET OPERATING INCOME	$3,024,037
LESS PERMANENT LOAN	$23,070,000	ANNUAL DEBT SERVICE	$2,403,794
EQUITY REQUIRED(GENERATED)	$1,130,998	CASH FLOW	$620,243
		N.O.I. AS % OF N.P.C.	12.00%

CONSTRUCTION LOAN INFORMATION	AMOUNT	CONSTANT COVERAGE
LOAN ON N.O.I.	$21,600,000	11.00%
LOAN ON 85% OF PADS	$3,021,000	
LOAN ON OBL ESCROWED SITE REIM	$1,013,110	
LOAN ON 75% OF SITE REIM.	$366,750	
TOTAL LOAN AMOUNT	$25,935,690	11.66%

GROSS PROJECT COST	$36,631,031	EQUITY PERCENTAGE
LESS: CONSTRUCTION LOAN	($25,935,690)	29%
GROSS EQUITY REQUIRED	$10,695,341	
LESS: UNENCUMBERED PAD SALES	($5,091,950)	
NET RENT EARNED DURING LEASEUP	($839,766)	
PERMANENT LOAN EXCESS	($2,270,000)	
EQUITY REQUIRED	$1,697,018	

Definitive proforma is based on various assumptions and no guarantee or assurance of actual results is represented by the VESTAR DEVELOPMENT Co.

EXHIBIT D
VESTAR'S
ORIGINAL PROFORMA

EXHIBIT D
VESTAR'S
ORIGINAL PROFORMA

INFORMA COST ESTIMATE

LAND	33.000 ACRES - COIDI				
NET LAND COST		1,611,220 SQ. FT. @	$10.10 / SQ. FT. =	$16,278,322	
HARD COSTS:					
SITE IMPROVEMENTS					
MISC. SITEWORK		1,611,220 SQ. FT. @	$2.00 / SQ. FT. =		$16,278,322
BUILDING IMPROVEMENTS:				$3,223,440	
WAL-MART				$150,000	
SPORTS AUTHORITY	SALE				
OFFICE MAX		50,000 SQ. FT. @	$42.00 / SQ. FT. =	$2,100,000	
HOME EXPRESS		30,000 SQ. FT. @	$38.00 / SQ. FT. =	$1,140,000	
EDWARD'S		10,000 SQ. FT. @	$38.00 / SQ. FT. =	$1,520,000	
BARNES & NOBLE		50,000 SQ. FT. @	$60.00 / SQ. FT. =	$3,000,000	
SHOPS		25,000 SQ. FT. @	$45.00 / SQ. FT. =	$1,125,000	
TOTAL		21,000 SQ. FT. @	$43.00 / SQ. FT. =	$1,008,000	
MISC. BUILDING				$9,893,000	
TENANT IMPROVEMENTS				$110,000	
TOTAL HARD COSTS (SITE, BLDG. & TI'S)				$210,000	$13,616,440
SOFT COSTS					
PERMITS, FEES & IMPACT FEES			$976,000		
ARCHITECTURE & ENGINEERING			$950,000		
CONSTRUCTION LOAN FEE (1.0%)			$359,353		
LEASING COMMISSIONS (SEE COMMISSION RATE STRUCTURE)			$633,500		
SALES COMMISSIONS (@ 6% OF PAD SALES)			$529,633		
LEGAL & ACCOUNTING			$125,000		
LENDER LEGAL FEES			$80,000		
LENDER CONSULTING FEE			$50,000		
TAXES & INSURANCE			$150,000		
MARKETING & ADMINISTRATION			$10,000		
TOTAL SOFT COSTS					$3,777,487
CONTINGENCIES & FEES					
CONTINGENCY @ 3% OF SOFT COSTS			$113,925		
CONTINGENCY @ 5% OF HARD COSTS			$680,822		
GENERAL & ADMIN. FEE			$830,696		
PERMANENT LOAN FEE (EST. @ 1.0 PNTS.)			$330,300		
TOTAL CONTINGENCIES & FEES					
CONST. PERIOD INTEREST @	9.25%				$1,901,143
CROSS PROJECT COST					$1,037,990
PAD SALE RECEIPTS					$36,631,631
SOFTCOST REIMBURSEMENT					($8,827,200)
SITEWORK REIMBURSEMENTS					($366,050)
NET PROJECT COST					($1,100,140)
RENT EARNED THRU LEASE-UP					$26,010,711
INTEREST THRU LEASE-UP					($1,195,060)
NET PROJECT COST ADJUSTED FOR LEASE-UP CARRY					$2,355,311
					$25,200,990

BOE-C6-0094725

EXHIBIT D
VESTAR'S
ORIGINAL PROFORMA

VAR DEVELOPMENT CO.

DATE:
11/30/95

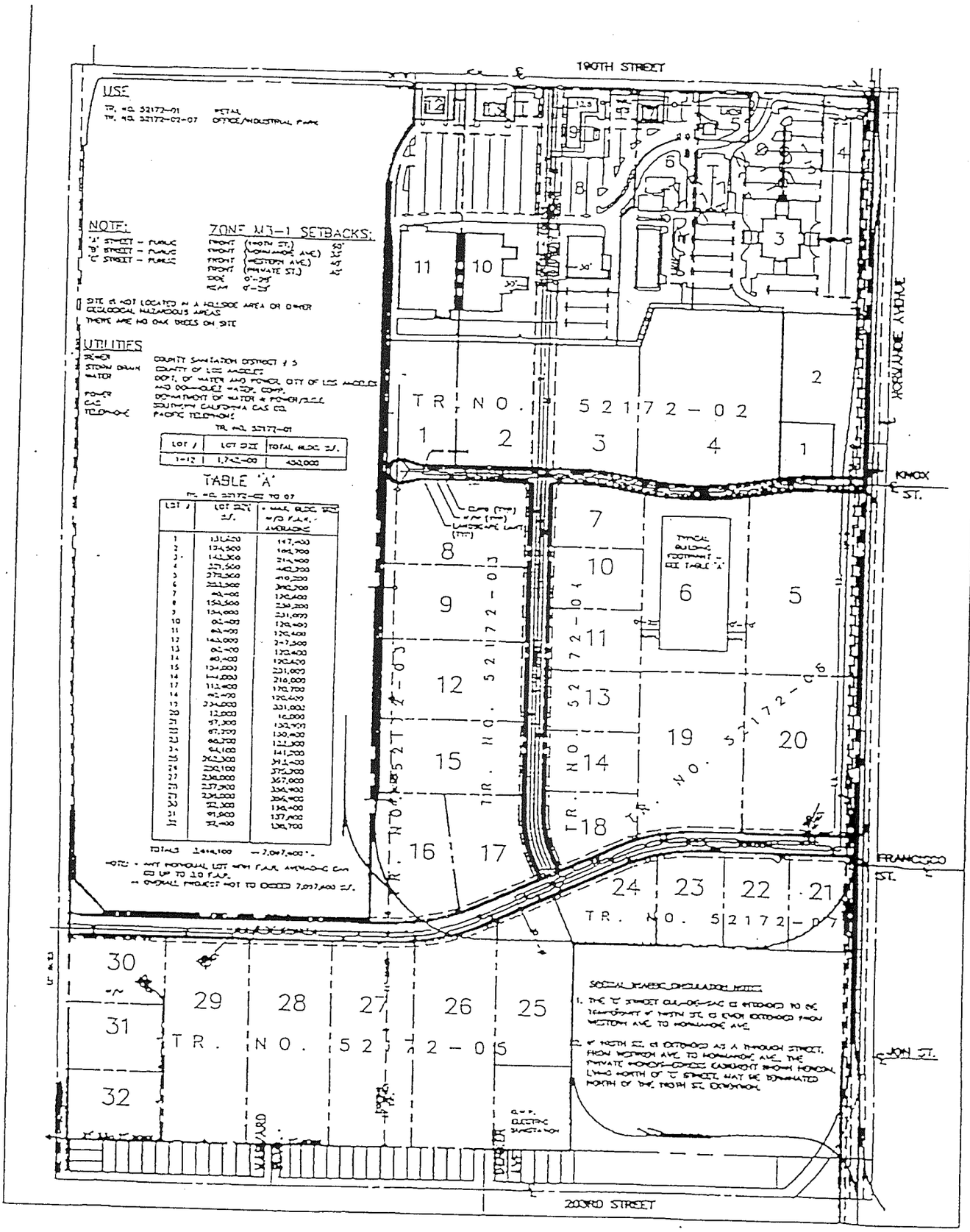
ECT NAME: MCDONALD DOUGLAS
TION: 190TH STREET AND NORMANDIE AVENUE
SALE SCHEDULE

SL ITEM	PAD	SALE DATE	SALE PRICE	SITEWORK REIM	TOTAL
Y	WAL-MART	Aug-97	$5,777,200	$1,045,440	$6,777,640
Y					$0
	PAD 1	Nov-97	$750,000	$90,000	$840,000
	PAD 2	Dec-97	$650,000	$70,000	$720,000
	PAD 3	May-98	$750,000	$60,000	$810,000
	PAD 4	Sep-98	$550,000	$50,000	$600,000
	PAD 5	Mar-99	$500,000	$50,000	$550,000
	PAD 6	May-99	$400,000	$35,000	$435,000
			$9,827,200	$1,400,440	$10,777,640

TE:This proforma is based on various assumptions and no guarantee or assurance of actual results is represented by the VESTAR DEVELOPMENT Co..
Denotes pads sold simultaneously with the purchase of the land or prior to const. loan closing.

"EXHIBIT "E"

DRAFT PARCEL MAP



03-27-97 6002-00034
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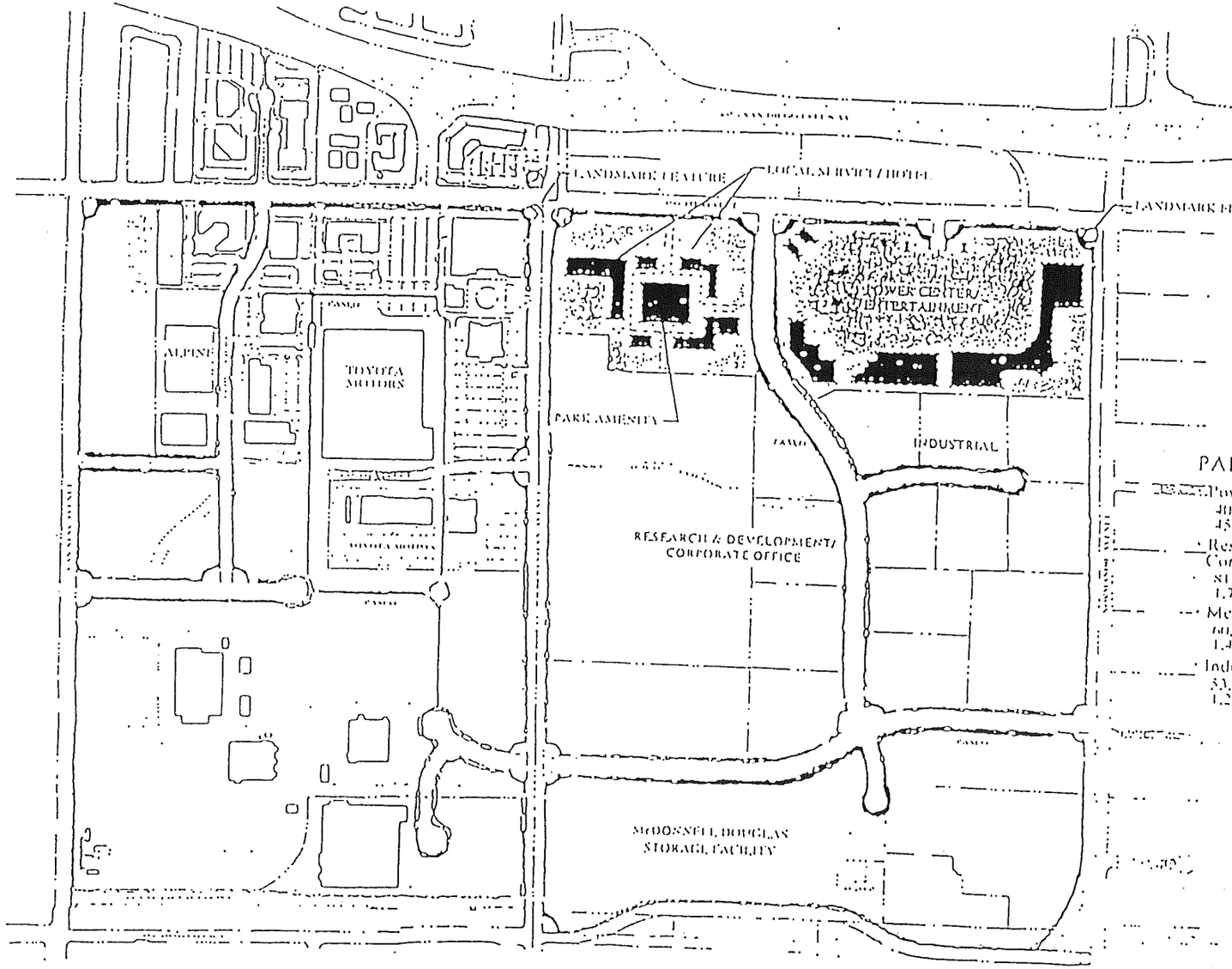
EXHIBIT F
MASTER PLAN



PARK ALTERNATIVE

- Power Center/Entertainment
  40.0 A.C.
  450,000 SQ.FT.
- Park Amenit
  3.2 A.C.
- Research & Development/ Corporate Office
  81.3 A.C.
  1,770,000 SQ.FT.
- Local Servic Hotel
  18.6 A.C.
- McDonnell Douglas Storage
  60.8 A.C.
  1,456,000 SQ.FT.
- Industrial
  53.4 A.C.
  1,279,000 SQ.FT.

Park Amenity Alternative

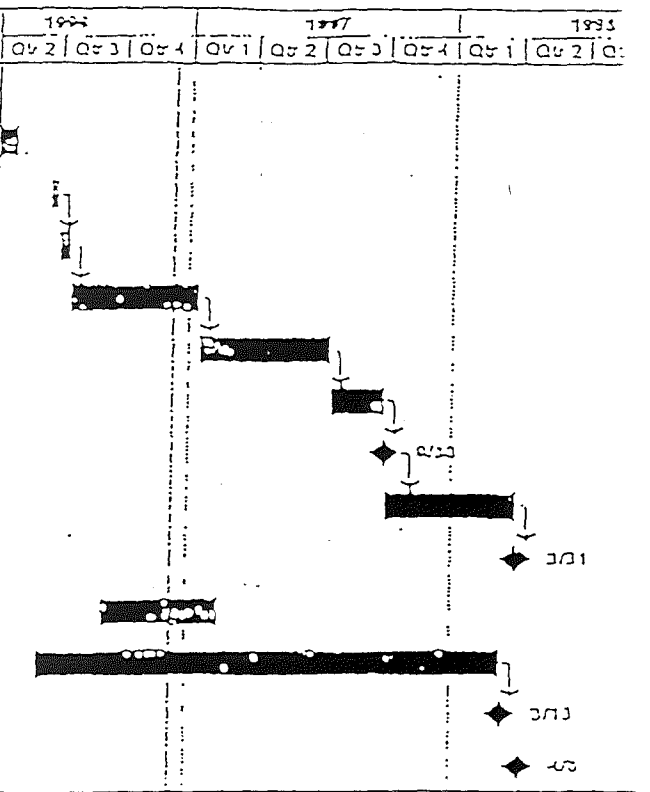
Harbor Gateway Master Plan

Gascon Map Ltd

EXHIBIT G
ENTITLEMENT SCHEDULE

McDONNELL DOUGLAS LAND USE & REMEDIATION SCHEDULE: RETAIL SITE

ID	Task Name	Duration	Start	Finish
1	Consultant RFP/Selection	65d	1/1/96	3/29/96
2	Env. Ph. 1 Reports (Ph. 1)	87d	1/1/96	4/30/96
3	Circulate EIR Database Draf	10d	6/17/96	6/28/96
4	Submit draft EIR Database	12d	7/1/96	7/16/96
5	City review / Cons. changes	130d	7/17/96	1/14/97
6	Public Review & Responses	130d	1/15/97	7/15/97
7	Certify EIR	55d	7/16/97	9/30/97
8	Tentative Map Approval	0d	9/30/97	9/30/97
9	Imp. Plans City Check	130d	10/1/97	3/31/98
10	Record Map	0d	3/31/98	3/31/98
11	Demolition	120d	9/2/96	2/14/97
12	Environmental Remediation	465d	6/3/96	3/13/98
13	Completion of Soils Cleanup	0d	3/13/98	3/13/98
14	Close Escrow	0d	4/3/98	4/3/98



Project: Torrance Entitlements
Date: 3/15/96

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress

3/15/96

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EXHIBIT H
DEMOLITION DOCUMENTS

The following demolition drawings have been approved by the City and forwarded to Vestar as follows:

DEMOLITION DRAWINGS:

Sheet	Description	Date
A-10	Title Sheet	6-6-95
C-1	Civil Title Sheet	5-21-95
C-2	Civil Demolition Site Plan	5-21-95
C-3	Civil Demolition Site Plan	5-21-95
C-4	Civil Demolition Site Plan	5-21-95
A-2.1	Partial Floor Plan - Bldg. #37	6-6-95
A-2.2	Partial Floor Plan - Bldg. #37	6-6-95
A-2.3	Partial Floor Plan - 4 Story Section - Bldg. #37	6-6-95
A-2.4	Floor Plan - Bldg. #57	6-6-95
A-2.5	Floor Plan - Bldg. #29	6-6-95
A-2.6	Floor Plan - Bldg. #34	6-6-95
A-2.7	Floor Plans - Bldgs. #36 & #33	6-6-95
A-2.8	Partial Floor Plan - Bldg. #61	6-6-95
A-2.9	Partial Floor Plan - Bldg. #61	6-6-95
A-2.10	Partial Floor Plan - Bldg. #61	6-6-95
A-2.11	Floor Plan - Bldg. #57	6-6-95
E-1	Site Electrical Plan	5-22-95

Exhibit A: Specifications for Torrance Facility dated June 6, 1995, 22 Pages

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EXHIBIT "I"

ENVIRONMENTAL INDEMNITY AGREEMENT

THIS ENVIRONMENTAL INDEMNITY AGREEMENT (this "Indemnity") is entered as of _____, 199__ (the "Effective Date"), by and between _____ _____ ("Owner") and McDONNELL DOUGLAS REALTY COMPANY, a California corporation ("MDRC").

The parties enter into this Indemnity on the basis of the following facts, understandings, and intentions:

A. MDRC and Owner are parties to that certain Agreement for Purchase of Sale of Property and Escrow Instructions dated as of _____, 1996 (the "Purchase Agreement"), respecting that certain real property consisting of approximately ___ acres of land located in the City of Los Angeles, County of Los Angeles, State of California, located at the northwest corner of Normandie Avenue and 190th Street and defined in the Purchase Agreement as the Property (the "Property"). Concurrently with the execution of this Indemnity, Owner is purchasing the Property from MDRC pursuant to the Purchase Agreement.

B. As an inducement for Owner to acquire the Property, MDRC has agreed to complete certain environmental remediation of the Property before Owner's acquisition of the Property and continuing after such acquisition, all as defined in the Purchase Agreement as the "Remediation."

C. As an additional inducement for Owner to acquire the Property, and in furtherance of the consummation of the acquisition transaction contemplated by the Purchase Agreement, MDRC and Owner now desire to enter into this Indemnity.

D. For purposes of this Indemnity, the term "Hazardous Materials" shall mean any substances defined as "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" under any local, state or federal law, rule, statute, court decision, regulation or ordinance as in existence on the date of this Indemnity, as such definitions may be supplemented or modified from time to time by any additional, successor or modified law, rule, statute, court decision, regulation or ordinance effective from time to time up to the date ten (10) years after the date of this Indemnity, including, but not limited to, any flammable material, explosives, radioactive materials, hazardous wastes, oil, gas, petroleum or other hydrocarbons (including petroleum and hydrocarbon by-products) and any other materials, gases or substances that are, from time to time up to the date ten (10) years after the date of this Indemnity, known or suspected to be toxic or hazardous, or known or suspected of causing material detriment or materially impairing the beneficial use of real property or known or suspected to constitute a material health, safety or environmental risk to real property or occupants of real property, but, however, specifically excluding radon gas.

E. For purposes of this Indemnity, the term "Hazardous Discharge" shall mean an emission, spill, release or discharge (as those terms are construed by applicable court decisions) of any Hazardous Materials in, at, on or under the Property into or upon (i) the air, (ii) soils or any improvements located thereon, (iii) surface water or ground water, (iv) the sewer, septic system or waste treatment, storage or disposal system servicing the Property or (v) other property in the vicinity of the Property; provided, however, that "Hazardous Discharge" shall not include any migration of Hazardous Materials from the Property into or upon neighboring property consisting of or caused by migration of Hazardous Materials through the Property from other property (other than another portion of the 170-Acre Parcel as defined in the Purchase Agreement) without the contribution or fault on the part of any owner or occupant of, or person present on, the Property.

F. For purposes of this Indemnity, the term "Environmental Complaint" shall mean (i) any complaint, order, directive, claim, citation, notice or formal written request in lieu or contemplation of any of the foregoing by any governmental authority,

including, without limitation, any and all enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened that affects the Property resulting from or relating to any Hazardous Discharge, the presence of any Hazardous Materials, or the violation of any Environmental Law (as defined below) whether such complaint is meritorious or not, or (ii) any and all claims made or threatened by any third party relating to damage, contribution, cost, recovery, compensation, loss or injury resulting from or relating to any Hazardous Discharge, the presence of any Hazardous Materials, or the violation of any Environmental Law (as defined below) (whether such claim is meritorious or not).

G. For purposes of this Indemnity, the term "Environmental Laws" shall mean all applicable federal, state and local laws, rules, statutes, court decisions, ordinances, regulations, orders and directives of every kind and nature (including remediation standards) whatsoever pertaining to Hazardous Materials as in existence and interpreted on the date of this Indemnity, as such may be supplemented or modified from time to time by any additional, successor or modified law, ordinance, regulation, order, directive or standard effective within ten (10) years after the date of this Indemnity.

H. For purposes of this Indemnity, the term "Indemnity Period" shall mean that period prior to the Closing Date, as defined in the Purchase Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties contained herein and in the Purchase Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, MDRC and Owner hereby agree as follows:

1. Indemnity. Subject to the other provisions of this Agreement, MDRC hereby forever irrevocably and unconditionally, indemnifies, protects, holds harmless and shall defend (by counsel selected by MDRC and satisfactory to Owner in its reasonable discretion) (a) Owner, (b) any entity controlling, controlled by or under common control with Owner (an "Affiliate"), (c) any entity in which Owner or an Affiliate is a general partner or managing member, (d) any Affiliate, trustee, receiver or partner of any of the foregoing, (e) any lender, mortgagee, beneficiary, purchaser/landlord under a sale-leaseback financing or other creditor of any of the foregoing in circumstances in which the Property serves as security for the loan, debt or obligation and any grantee or purchaser at a foreclosure or trustee's sale or deed in lieu of foreclosure of such security, (f) the first (1st) and second (2nd) person or entity, other than the foregoing persons or entities, that succeeds to title to the Property from any person or entity set forth in (a), (b), (c) and (d) above (but not subsequent successors), and (g) any tenant or lessee of any person or entity set forth in (a) through (f) above, (h) each of the respective shareholders, partners, directors, officers, employees, agents and representatives of the persons and entities set forth in (a), (b), (c), (d), (e), (f) and (g) above (collectively, the "Indemnified Parties") for, from and against (except in each case to the extent caused by the negligence or other wrongful conduct of an Indemnified Party or of an Additional Indemnified Party, as defined below, or their respective tenants, licensees and invitees; provided, however, that an Indemnified Party or Additional Indemnified Party shall not be considered to have committed negligence or other wrongful conduct due to its failure to discover, have knowledge of or remediate an environmental condition otherwise within the scope of MDRC's indemnity under this Agreement) any and all actions, claims, including claims for personal injury and bodily damage, causes of action, losses, damages liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of every kind, and all costs and expenses actually and reasonably incurred in connection therewith (including, without limitation, attorneys' fees, court costs and expenses actually and reasonably incurred, including on appeal), provided that in any event consequential damages hereunder shall be limited to lost rental income to a fee owner but not any sublessor (collectively, "Claims"), arising out of (i) any failure by MDRC or its parent corporation, affiliates, agents, servants, contractors or employees to comply with any Environmental Laws relating in any way whatsoever to the handling, treatment, presence, removal, storage, remediation, decontamination, cleanup, transportation or disposal of any Hazardous Materials present during the Indemnity Period (ii) subject to the provisions of

Section 6 below, the presence of Hazardous Materials in, at, on or under the Property during the Indemnity Period or caused to be present in, at, on or under the Property subsequent to the Indemnity Period by any use or operation of the Property during the Indemnity Period, except in each case to the extent that the presence of Hazardous Materials, Hazardous Discharges, violation of Environmental Laws and Environmental Complaints are due to actions (other than actions of MDRC or its parent corporation, affiliates, agents, contractors or employees) occurring after the Indemnity period, (iii) any existing, pending, threatened or future Environmental Complaint affecting the Property respecting any condition or state of facts concerning the Property that existed during the Indemnity Period or is caused to exist subsequent to the Indemnity Period by any use or operation of the Property during the Indemnity Period (and specifically including any Claim arising out of the existing lawsuit captioned Aguirre v. Cadillac Fairview/California, Inc., Los Angeles Superior Court Case No. NC 017753), except in each case to the extent that the presence of Hazardous Materials, Hazardous Discharges, violation of Environmental Laws and Environmental Complaints are due to actions (other than actions of MDRC its parent corporation, affiliates, agents, contractors and employees) occurring after the Indemnity period, (iv) any Event of Default (as defined below) by MDRC under this Indemnity, (v) any act or omission of MDRC or its agents, representatives, contractors or subcontractors in connection with any of their activities or entries upon the Property in connection with this Indemnity or the Purchase Agreement and (vi) subject to the provisions of Section 6 below, any default by MDRC under its obligations with respect to the "Excluded Portion" of the Remediation (as defined in Section 1.6(b) of the Purchase Agreement) or any failure of MDRC to complete in accordance with the Purchase Agreement the portion of the Remediation required under the Purchase Agreement to be completed prior to Owner's acquisition of the Property and as to which failure Owner has the right to enforce MDRC's performance under the provisions of the Purchase Agreement (*i.e.*, failures that were not discovered and were not reasonably discoverable by Buyer prior to Buyer's acquisition of the Property); provided, however, that clauses (i), (ii), (iii), (iv) and (vi) above shall not require MDRC to indemnify, defend or hold harmless any Indemnified Party (or any Additional Indemnified Party as defined below), or otherwise be responsible or liable for, any Claim to the extent attributable to the future use or contemplated or attempted use of the Property for the purposes of any residence, hotel, hospital, health care facility, school or other use (except for ordinary retail uses or other uses ordinarily located in shopping centers such as restaurants, theaters and other entertainment facilities, and stores engaged in the sale of consumer goods and related services) as to which heightened or special requirements or standards may apply under Environmental Laws or otherwise pertaining to Hazardous Materials or Hazardous Discharges, but which heightened or special requirements or standards would not apply were the property not used or contemplated or attempted to be used for such purposes. The foregoing provisions of this Section 1 also shall run to the benefit of, and may be enforced by, any other person or entity that succeeds to title or lawful possession, either directly or indirectly through intervening owners, from an Indemnified Party to the Property within twelve (12) years after the Closing Date (each an "Additional Indemnified Party"), but only as to matters otherwise covered by the foregoing provisions of this Section 1 that are discovered by an Indemnified Party or Additional Indemnified Party and communicated to MDRC in writing in reasonable detail within twelve (12) years after the Closing Date. MDRC and Owner acknowledge that the Property has been or may be divided into a number of separate legal parcels and that clause (f) above pertaining to Owner's successors in interest shall apply on a parcel-by-parcel basis (*i.e.*, the transfer of one such parcel shall constitute a transfer to a successor within the meaning of clause (f) above only as to the transferred parcel). In addition, the transfer of the Property or any parcel thereof by an Indemnified Party to any entity controlling, controlled by or under common control with such Indemnified Party, or to any partnership or other entity in which such Indemnified Party is a general partner or managing member, shall not be considered to be a transfer or succession for the purposes of establishing the first or second successor in interest to Owner under clause (f) above (*e.g.*, if such transferor Indemnified Party were the first successor in interest to Owner under clause (f), then such affiliated transferee also shall be considered to be the first successor to Owner).

2. Limitations on Indemnity. MDRC shall not be liable to any Indemnified Party or Additional Indemnified Party for any Claims arising out of any single Hazardous Discharge or group of related Hazardous Discharges or presence of Hazardous Materials, violation of Environmental Laws or Environmental Complaints pertaining to such single Hazardous Discharge or group of Hazardous Discharges, except to the extent that such Claims exceed the sum of $25,000.

3. No Limitation From Knowledge. MDRC hereby acknowledges and agrees that MDRC's duties, obligations and liabilities under this Indemnity are in no way limited or otherwise affected by any information any Indemnified Party or Additional Indemnified Party may have (or studies it has done) concerning the Property and/or the presence in, at, on or under the Property of any Hazardous Materials.

4. Payment; Interest. All payment obligations of MDRC to Indemnified Parties hereunder shall be payable immediately upon demand and shall bear interest following demand at a rate that is the lesser of ten percent (10%) or the highest rate permitted under law. If, upon final judicial determination of the payment dispute by a court of competent jurisdiction, it is determined that the payment made by MDRC was not owing under this Indemnity, the Indemnified Party who received such payment shall promptly reimburse MDRC for the payment made by MDRC with interest thereon accruing from the date the payment was delivered to such Indemnified Party at a rate that is the lesser of ten percent (10%) or the highest rate permitted under law.

5. Survival. MDRC hereby acknowledges and agrees that, notwithstanding any other provision of this Indemnity or any provision contained in the Purchase Agreement to the contrary, the obligations of MDRC under this Indemnity shall survive the recordation of the Grant Deed, as defined in the Purchase Agreement, without limitation, and shall run to the benefit of the Indemnified Parties and the Additional Indemnified Parties as set forth above in this Indemnity, respectively; provided, however, that, in no event shall any indemnity or hold harmless agreement or other agreement or covenant made by any Indemnified Party for the benefit of any other party (other than another Indemnified Party), or by any Additional Indemnified Party (other than another Additional Indemnified Party), provide or constitute a basis for recovery by any Indemnified Party or Additional Indemnified Party or any other party against MDRC pursuant to this Indemnity (i.e., although MDRC shall remain liable to each of the Indemnified Parties and each of the Additional Indemnified Parties, respectively, for any liability they may incur under law as set forth above in this Indemnity and for all matters otherwise covered by this Indemnity, neither any Indemnified Party nor any Additional Indemnified Party shall be entitled to effectively pass through by contract the benefits of this Indemnity to parties other than the Indemnified Parties or Additional Indemnified Parties, respectively).

6. Independent Obligations; Limitations. MDRC's obligations hereunder are independent of the obligations of MDRC under the Purchase Agreement and any other document, contract and agreement entered by the parties in connection with the Purchase Agreement or the transactions contemplated therein, and also independent of any obligations of any other indemnitor, insurer or other person or entity, and Owner and any other Indemnified Party or Additional Indemnified Party may enforce any of its rights hereunder independently of any other right or remedy that such party may at any time hold. Nothing in this Indemnity shall limit or affect any right or remedy that Owner or any other Indemnified Party or Additional Indemnified Party may otherwise hold at any time, except that Owner and, by accepting any benefit of this Indemnity or any interest in the Property, each other Indemnified Party and each Additional Indemnified Party hereby agrees that, provided MDRC fulfills its obligations pursuant to the Purchase Agreement with respect to the Remediation and otherwise fulfills all of its obligations under this Indemnity other than those under clause (ii) of Section 1 above (and without waiving or modifying the other clauses of Section 1), neither MDRC, McDonnell Douglas Corporation ("MDC"), any entity controlling, controlled by or under common control with MDRC or MDC, nor any of the respective shareholders, partners, directors, officers, employees, agents or representatives of the foregoing (collectively, the "MDC Parties"), shall have any liability under clause (ii) of Section 1 above (including by way of MDC's guaranty of this Indemnity) or otherwise under

any applicable law or right or theory of recovery, and Owner and, by accepting any benefit of this Indemnity or any interest in the Property, each other Indemnified Party and each Additional Indemnified Party agrees to refrain from asserting any claim against the MDC Parties for, any loss or damage (including, but not limited to, lost profits or diminution in value of the Property) due to the presence of Hazardous Materials or the occurrence of Hazardous Discharges in, at, under or in the vicinity of the Property, or the effect thereof on the Property or its desirability or marketability (the "Prohibited Claims"). Owner and, by accepting any benefit of this Indemnity or any interest in the Property, each other Indemnified Party and each Additional Indemnified Party hereby waives, releases, acquits and forever discharges the MDC Parties, to the maximum extent permitted by law, of and from the Prohibited Claims. With respect to such release, Owner and, by accepting any benefit of this Indemnity or any interest in the Property, each other Indemnified Party and each Additional Indemnified Party expressly waives any statutory right granted to such party at any time (including, but not limited to, those pursuant to any law pertaining to Hazardous Materials or the law of torts or nuisance) pertaining to the Prohibited Claims, as each such right may be amended, supplemented, modified or replaced from time to time, and Owner expressly waives all of its rights granted under Section 1542 of the California Civil Code with respect to the Prohibited Claims (to the extent Section 1542 may apply to such release) which reads as set forth below in Section 7.

7. Release. MDRC and each and all of its successors and assigns hereby waive, release, acquit and forever discharge each of the Indemnified Parties to the maximum extent permitted by law, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, as now exist or may arise in the future (in each case except to the extent caused by the negligence or other wrongful conduct of an Indemnified Party or and Additional Indemnified Party, or their respective tenants, licensees and invitees; provided, however that an Indemnified Party or Additional Indemnified Party shall not be considered to have committed negligence or other wrongful conduct due to its failure to discover, have knowledge of or remediate an environmental condition otherwise within the scope of MDRC's indemnity under this Agreement) as a result of any matter for which MDRC has indemnified the Indemnified Parties pursuant to the foregoing provisions of this Indemnity. MDRC and each and all of its successors and assigns hereby waive, release, acquit and forever discharge each of the Additional Indemnified Parties to the maximum extent permitted by law, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, as now exist or may arise in the future (in each case except to the extent caused by the negligence or other wrongful conduct of an Indemnified Party or an Additional Indemnified Party) as a result of any matter for which MDRC has indemnified the Additional Indemnified Parties pursuant to the foregoing provisions of this Indemnity. With respect to the release contained in this Section 7, MDRC expressly waives any statutory right granted to MDRC pursuant to any Environmental Law or the law of torts, as each may be amended, supplemented, modified and replaced from time to time, and MDRC expressly waives all of its rights granted under Section 1542 of the California Civil Code (to the extent Section 1542 may apply to the releases set forth in this Section 7) which reads as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

8. Defaults and Cure.

(a) Breaches by MDRC. The following shall constitute breaches by MDRC under this Indemnity:

(i) MDRC's breach of any provision of this Indemnity; and

(ii) MDRC's failure to comply with any valid and enforceable order or directive from any governmental agency having jurisdiction over the Property concerning Hazardous Materials, Hazardous Discharges, violations of Environmental Laws or Environmental Complaints, which failure results in the enforcement thereof against the Property or any Indemnified Party or Additional Indemnified Party, that are within MDRC's indemnities set forth in Section 1 of this Indemnity.

(b) Cure Rights. In the event of a breach of this Indemnity by MDRC, MDRC may cure such breach within a reasonable time (not to exceed 30 days) after written notice from an Indemnified Party or Additional Indemnified Party to MDRC specifying the breach with reasonable detail; provided, however, that if the nature of MDRC's obligation is such that more than 30 days are required for cure of such breach (but this shall not apply to any failure to pay a monetary sum), MDRC shall not be in default if it commences such steps as are reasonable under the circumstances toward performance of such cure within such 30-day period and thereafter diligently prosecutes the cure to completion. In the event a breach by MDRC is not cured as specified in the immediately preceding sentence, such breach shall be considered to be an "Event of Default" under this Indemnity. The provisions of this paragraph are subject to the provisions of Section 8(d).

(c) Cure on MDRC's Behalf. Subject to the provisions of Section 8(d), in the event of an Event of Default by MDRC under this Indemnity, an owner of the affected portion of the Property (or such owner's tenant, lender or other party having an interest in such portion of the Property to whom such owner has exclusively assigned its rights under this paragraph) shall have the right to take such actions as such party believes in good faith to be reasonably necessary and appropriate toward curing such Event of Default and shall have the right to charge the reasonable costs thereof to MDRC, provided such party has given MDRC at least fifteen (15) days' written notice expressing its intention to invoke the provisions of this sentence. MDRC shall pay all such reasonable costs incurred by such party upon such party's demand and presentation of invoices supported by reasonable evidence as to their propriety. All amounts not so paid by MDRC within fifteen (15) days of such demand and presentation shall bear interest at the rate of ten percent (10%) per annum from the date of such demand and presentation through the date of payment. Notwithstanding the foregoing, each Indemnified Party and Additional Indemnified Party shall be excused from compliance with the provisions of this Section 8 to the full extent that directives or orders of governmental agencies or their representatives, or to the extent that other emergencies, reasonably require such Indemnified Party or Additional Indemnified Party to take actions without allowing periods of notice or cure to run pursuant to this Section 8; provided, however, that such Indemnified Party or Additional Indemnified Party shall use reasonable efforts in such circumstances to give notice of the need for immediate action to MDRC and may take such reasonably necessary and appropriate action only in the event MDRC does not respond appropriately to the emergency.

(d) Conflicting Demands. Owner and MDRC acknowledge that it is possible that MDRC will receive conflicting demands or other communications from the various Indemnified Parties and Additional Indemnified Parties in connection with this Agreement. Notwithstanding any other provision of this Agreement, in the event that MDRC receives a demand or other communication from an Indemnified Party or Additional Indemnified Party respecting any action to be taken or not taken in connection with this Indemnity which demand or communication conflicts with a demand or communication received from another Indemnified Party or Additional Indemnified Party, MDRC shall give reasonable notice of the conflict between such demands or communications to each of the parties to the conflicting demands or communications. If one of the parties sending the conflicting demand or communication is then an owner of the affected portion of the Property (or such owner's tenant, lender or other party having an interest in such portion of the Property to whom such owner has exclusively assigned its rights under this paragraph) and each of the other parties sending the conflicting demands or communications is not a fee owner of the affected portion of the Property (or a fee owner's tenant, lender or other party having an interest in such portion of the Property to whom such a fee owner has exclusively assigned its rights under this paragraph), then MDRC shall have the right to consider the

communication from such fee owner (or such interest holder to whom such owner has exclusively assigned its rights) to be the demand or communication given pursuant to this Indemnity, while ignoring the other conflicting demands or communications from the other Indemnified Parties or Additional Indemnified Parties. In the event that conflicting demands or communications are received from any Indemnified Parties or Additional Indemnified Parties each of whom is a fee owner of the affected portion of the Property (or to such owner's tenant, lender or other party having an interest in such portion of the Property to whom such owner has exclusively assigned its rights under this paragraph), MDRC shall be afforded reasonable opportunity to cause the makers of the conflicting demands or communications to communicate with each other in an effort to concur with such demand or communication. In the event the conflict cannot be resolved within a reasonable period of time, MDRC shall have the right to elect either to (i) require the parties making the conflicting demands or communications to resolve their conflict in accordance with dispute resolution provisions set forth in Section 21 of this Agreement (in which event the issue to be resolved in such proceeding, as it pertains to MDRC, shall be limited to selection of which the conflicting demands or communications is the most reasonable), or (ii) consider the communication from either party making the conflicting demands or communications to be the demand or communication given pursuant to this Indemnity, while ignoring the other conflicting demands or communications, provided that the demand or communication selected by MDRC is a reasonable demand or communication. In the event MDRC relies upon a decision rendered in a proceeding under Section 21 or, alternatively, upon a reasonable conflicting demand or communication as permitted pursuant to this paragraph (*i.e.*, in the event that MDRC does not elect to cause the parties to resolve their dispute under the provisions of Section 21), the maker of each nonprevailing conflicting demand (*i.e.*, the nonprevailing party(ies) in a proceeding under Section 21 or each party whose demand has not been selected by MDRC in the event the dispute is not resolved under the provisions of Section 21) shall be prohibited from exercising its rights pursuant to Section 8(c) or otherwise claiming a default for MDRC's failure to follow such conflicting demand to the full extent of such conflict, without, however, limiting such party's (or any other party's) other rights under this Agreement as an Indemnified Party or Additional Indemnified Party.

9. Cumulative Remedies; No Waiver. The rights, powers and remedies of Owner hereunder are cumulative and not exclusive of any other right, power or remedy that Owner may otherwise have, subject to the provisions of Section 6 above. No failure or delay on the part of Owner in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude the further exercise thereof, or the exercise of any other right, power or remedy.

10. Attorney's Fees. In any action arising out of this Indemnity by Owner or MDRC, the losing or defaulting party shall pay to the prevailing party attorneys' fees, costs and expenses actually and reasonably incurred in prosecuting such action.

11. Notices. All notices, demands and other communications required or permitted to be given or served under this Indemnity shall be in writing and shall be delivered to the appropriate party at its address as follows:

If to MDRC:

McDonnell Douglas Realty Company
18881 Von Karman Avenue, Suite 1200
Irvine, California 92715
Attn: Mr. Thomas J. Motherway

With a copy to:

Hewitt & McGuire
19900 MacArthur Boulevard, Suite 1050
Irvine, California 92612
Attn: Jay F. Palchikoff

If to Owner:

VESTAR DEVELOPMENT CO.
2425 East Camelback Road, Suite 750
Phoenix, Arizona 85016
Attn: President

With a copy to:

VESTAR DEVELOPMENT CO.
2425 East Camelback Road, Suite 750
Phoenix, Arizona 85016
Attn: Richard J. Kuhle

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as a result of a refusal to accept delivery shall be deemed receipt of such communication. In addition to the notices required above in this Section, if an Indemnified Party or Additional Indemnified Party who is an owner or lessee of a 20,000 square foot or greater portion of the Property requests copies of notices, demands or other communications given pursuant to this Section, then the parties shall give copies of such notices, demands and other communications to the requesting party in instances in which such notices, demands or other communications directly concern or impact the portion of the Property owned or leased by such requesting party. Such Indemnified Party or Additional Indemnified Party requesting party shall make its request to receive such notices, demands and other communications by written notice delivered to MDRC and Owner pursuant to the preceding provisions of this Section.

12. Binding Agreement; Assignment; Amendment. This Indemnity and the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of MDRC and the Indemnified Parties (and Additional Indemnified Parties, but only to the extent of MDRC's obligations to Additional Indemnified Parties as set forth in this Indemnity), and no person or entity shall be permitted to transfer, convey or assign this Indemnity or any right or obligation hereunder (and any attempt to do so shall be void) except to an Indemnified Party (or to an Additional Indemnified Party, but only to the extent of MDRC's obligations to Additional Indemnified Parties as set forth in this Indemnity). No amendment of this Agreement shall be binding against an Indemnified Party or Additional Indemnified Party who has acquired rights under this Agreement at the time of such amendment, except to the extent such Indemnified Party or Additional Indemnified Party has approved such amendment.

13. Interpretation. Whenever the context requires, all terms used herein in the singular shall be construed in the plural and vice versa, and each gender shall include each other gender. Section headings in this Indemnity are included for convenience of reference only and are not a part of this Indemnity for any other purpose. Capitalized terms not defined herein shall have the same meaning ascribed to such terms in the Purchase Agreement.

14. Governing Law. This Indemnity shall be governed by and construed in accordance with the laws of the State of California.

15. Third Party Beneficiary. This Indemnity and every provision hereof is for the exclusive benefit of the parties to this Indemnity and the Indemnified Parties (and the Additional Indemnified Parties, but only to the extent of MDRC's obligations to Additional Indemnified Parties as set forth in this Indemnity) and not for the benefit of any other party. Specifically, this Indemnity shall not run with the Property, but shall run to the benefit of the Indemnified Parties (and the Additional Indemnified Parties, but only to the extent of MDRC's obligations to Additional Indemnified Parties as set forth in this Indemnity).

16. Counterparts. This Indemnity may be signed in counterparts each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

17. No Party Deemed Drafter. Each party participated in the preparation of this Indemnity personally and with the benefit of counsel. If this Indemnity is ever construed by a court of law or equity, such court shall not construe this Indemnity, or any provision hereof, more harshly against any party as drafter.

18. Incorporation By Reference. Each and all of the recitals herein contained are hereby incorporated herein by this reference as if set forth in full in the body of this Indemnity.

19. Entire Agreement. This Indemnity and the Purchase Agreement constitute all of the agreements between the parties respecting the specific matters addressed herein and supersede all other prior or concurrent oral or written letters, agreements or understandings, without limitation.

20. Partial Invalidity. If any provision of this Indemnity shall be determined to be unenforceable in any circumstances by any court of competent jurisdiction, then the balance of this Indemnity shall be enforceable nonetheless, and the subject provision shall be enforceable in all other circumstances.

21. Enforcement; Disputes.

(a) Attorneys' Fees. In the event of any action or proceeding instituted between MDRC and any Indemnified Party or Additional Indemnified Party or a dispute between or among Indemnified Parties or Additional Indemnified Parties in the event MDRC elects to employ the provisions of this Section as permitted of MDRC in Section 8(d) in connection with this Agreement, then the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including, without limitation, court costs, costs of appeals, attorneys' fees and disbursements actually and reasonably incurred.

(b) Resolution of Disputes. MDRC and Owner have agreed on the following mechanisms in order to obtain prompt and expeditious resolution of all controversies, claims or disputes arising out of or in connection with the performance or non-performance of any terms of this Agreement and on the equitable and fair allocation as to the parties' obligations hereunder. By accepting any benefit of this Indemnity or any interest in the Property, each Indemnified Party and Additional Indemnified Party also accepts and agrees to be bound by the provisions of this Section 21 as if such party were the Owner.

(i) Reference of Dispute. Any dispute seeking damages, interpretation of this Agreement and any dispute seeking equitable relief, such as but not limited to specific enforcement of any provision hereof, shall be heard and determined by a referee pursuant to California Code of Civil Procedure Section 638, subdivision 1. The venue of any proceeding hereunder shall be in Orange County, unless changed by order of the referee.

(A) Procedure for Appointment. The party seeking to resolve the dispute shall file in court and serve on the other party a complaint describing the matters in dispute. Service of the complaint shall be as prescribed by California law. At any time after service of the complaint, any party may request the designation of a referee to try the dispute. Thereafter MDRC and the Indemnified Party or Additional Indemnified Party involved in the dispute shall use their best efforts to agree upon the selection of a referee from among the available referees at Judicial Arbitration and Mediation Service ("JAMS"). If MDRC and the Indemnified Party or Additional Indemnified Party are unable to agree upon a referee within ten days after a written request to do so by any party, then either may petition the judge of the Superior Court to whom the case is then assigned to appoint a referee from

JAMS. For the guidance of the judge making the appointment of said referee, the parties agree that the person so appointed shall be a retired judge from JAMS experienced in the subject matter of the dispute.

(B) Standards for Decision. To the extent consistent with the terms of this Agreement, the provisions of California Code of Civil Procedure, Sections 642, 643, 644 and 645 shall be applicable to dispute resolution by a referee hereunder. In an effort to clarify and amplify the provisions of California Code of Civil Procedure, Sections 644 and 645, the parties agree that the referee shall decide issues of fact and law submitted by the parties for decision in the same manner as required for a trial by court as set forth in California Code of Civil Procedure, Sections 631.8 and 632, and California Rules of Court, Rule 232. The referee shall try and shall decide the dispute according to all of the substantive and procedural law of the State of California, unless MDRC and the Indemnified Party or Additional Indemnified Party involved in the dispute stipulate to the contrary. When the referee has decided the dispute, the referee shall also cause the preparation of a judgment based on said decision. The judgment to be entered by the Superior Court of Orange County, California will be based upon the decision of the referee. The referee's decision shall be appealable in the same manner as if the judge signing the judgment had tried the case.

(ii) Cooperation. All parties to the dispute shall diligently cooperate with one another and the person appointed to resolve the dispute, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute. If any party refuses to diligently cooperate, any other party, after first giving notice of its intent to rely on the provisions of this paragraph, incurs additional expenses or attorneys' fees solely as a result of such failure to diligently cooperate, the referee may award such additional expenses and attorneys' fees to the party giving such notice, even if such party is not the prevailing party in the dispute.

(iii) Allocation of Costs. The cost of the proceeding shall initially be borne equally by the parties to the dispute, but, subject to Section 21(b)(ii) hereof, the prevailing party(ies) in such proceeding shall be entitled to recover, in addition to reasonable attorneys' fees and all other costs, its contribution for the reasonable cost of the referee as an item of recoverable costs. The referee shall include such costs in his judgment or award.

(iv) Multiple Indemnified Parties. In the event any dispute involves more than one Indemnified Party or Additional Indemnified Party, then, as to decisions and stipulations to be made pursuant to the provisions of this Section 21, MDRC shall have the right to consider the decisions and stipulations as communicated by Owner (or, if Owner no longer owns a fee interest in any portion of the Property, then the Indemnified Party or Additional Indemnified Party who is then the fee owner owning the largest portion of the Property by gross acreage) to be the decisions and stipulations to be made pursuant to this Section 21 (including, but not limited to, selection of referees under Paragraph A above), and MDRC shall have the right to ignore all others.

22. Time of Essence. Time is of the essence of every provision of this Indemnity.

23. Estoppel and Recognition Certificates. MDRC, concurrently with the execution and delivery of this Agreement (provided Owner has given MDRC at least 20 days' prior written notice) and thereafter upon twenty (20) days' notice from Owner or another Indemnified Party or Additional Indemnified Party, shall provide such party with an estoppel certificate confirming (i) the effectiveness of this Indemnity and (ii) the recognition of a prospective purchaser, lessee, lender or other party as an Indemnified Party or Additional Indemnified Party (where such recognition is accurately the case).

IN WITNESS WHEREOF, the parties hereto have executed this Indemnity as of the day and year first above written.

"Owner"

VESTAR DEVELOPMENT CO., an Arizona corporation

By: _____

"MDRC"

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

EXHIBIT "J"

DELIVERED DOCUMENTS

1. Chicago Title Insurance Company Preliminary Report dated June 27, 1996, Order No. L9600307A X59, Reference 150203.

2. Chicago Title Insurance Company Preliminary Subdivision Report dated July 13, 1996, Order No. 6110024A X13, Subdivision Map of 52172.

3. Torrance Facility Demolition Phase 1 Prepared by R. Jay Falkenburg & Assoc. dated May 22, 1996, Sheet A-1, Sheets A2.1 through A2.11 (12 sheets total).

4. Demolition Plan - Phase 1 prepared by Tait & Assoc. Inc. dated May 21, 1996, Sheets C-1 through C-4 (4 sheets total).

5. Phase I Environmental Assessment for Parcel A prepared by Kennedy/Jenks Consultants dated March 20, 1996 (116 pages).

6. Phase I Environmental Assessment for Parcel B prepared by Kennedy/Jenks Consultants dated April, 1996 (116 pages).

7. Phase I Environmental Assessment for Parcel C prepared by Kennedy/Jenks Consultants dated May, 1996 (116 pages).

8. Phase II Subsurface Investigation Parcel A prepared by Kennedy/Jenks Consultants dated June 5, 1996 (3 volumes).

9. Supplemental Subsurface Investigation, Parcel A prepared by Kennedy/Jenks Consultants dated August 14, 1996 (19 pages).

10. Harbor Gateway Center Draft Environmental Impact Report dated September 10, 1996.

11. Harbor Gateway Center Environmental Impact Report dated February 6, 1997.

12. Privileged and Confidential Communication subject to the provisions of the Vestar/MDRC Confidentiality and Non-Disclosure Agreement: C-6 Facility Document Index (8 pages).

EXHIBIT "K"

ESCROW GENERAL PROVISIONS

See following pages.

CHICAGO TITLE COMPANY

GENERAL PROVISIONS

Prorate all items required in this escrow as of the date of close of escrow or as otherwise set forth in Agreement of the Parties. Assume a 30 day month in any proration herein provided, and unless the parties otherwise instruct you, you are to use the information contained in the last available tax statement, without regard to any reassessments or subsequent changes, rental statement as provided by Seller and beneficiary's or association statements delivered into escrow for proration purposes.

Time is of the essence of these instructions. If this escrow is not in a condition to close by the TIME LIMIT DATE of , as set forth in the agreement, and written demand for cancellation is received by you from any principal to this escrow after said date, you shall act in accordance with Paragraph 7 of the Additional Provisions. If no conflicting instruction or demand for cancellation is made, you will proceed to close this escrow when the principals have complied with the escrow instructions. In the event one or more of the Additional Provisions are held to be invalid in judicial proceedings, those remaining will continue to be operative. Any amendments of or supplements to any instructions affecting escrow must be in writing. The principals will hand you any funds and instruments required from each respectively to complete this escrow.

If any check submitted to escrow is dishonored when presented for payment, you are authorized to notify all principals and/or their respective agents of such non-payment.

You are authorized to deliver and/or record all documents and disburse all funds when you can comply with these instructions and insure title as called for herein. These instructions may be executed in counterparts and together shall constitute one and the same document. If these instructions relate to a sale, buyer agrees to buy and seller agrees to sell upon the terms and conditions hereof. All documents, balances and statements due the undersigned are to be mailed to the respective addresses as shown on Page 1 hereof, unless otherwise directed.

ADDITIONAL PROVISIONS

1. All funds received in this escrow shall be deposited with other escrow funds in a general escrow account or accounts of CHICAGO TITLE COMPANY with any state or national bank. You shall have no obligation to account for the value of any escrow-related accounting services and incidental benefits that may be provided to the company by any depository bank. All disbursements shall be made by your check, unless otherwise instructed. You shall not be responsible for any delay in closing if funds received by escrow are not available for immediate withdrawal. CHICAGO TITLE COMPANY may, at its option, require concurring instructions from all principals prior to release of any funds on deposit in this escrow.

2. The phrase "close of escrow" (or COE) as used in this escrow means the date

on which documents are recorded, unless otherwise specified.

3. Recordation of any instruments delivered through this escrow, if necessary or proper for the issuance of the policy of title insurance called for, is authorized.

4. No examination or insurance as to the amount or payment of personal property taxes is required unless specifically requested.

~~5. You are authorized to furnish upon request, to any broker or lender identified with this transaction or anyone acting on behalf of such lender, any information concerning this escrow, copies of all instructions, amendments, statements or notices of cancellation.~~

6. All written notices, communications, change of instructions and documents are required to be delivered timely at the office of CHICAGO TITLE COMPANY as set forth herein.

7. If a demand to cancel is submitted after the Time Limit Date, any principal so requesting you to cancel this escrow shall file notice of demand to cancel in your office in writing. You shall within three (3) working days thereafter mail by certified mail one copy of such notice to each of the other principals at the address stated on Page 1. Unless written objection thereto is filed in your office by a principal within fifteen (15) days after date of such mailing you are authorized to cancel this escrow. If this is a sale escrow, you may return lender's papers and/or funds upon lender's demand.

8. In the event this escrow is cancelled, any fees or charges due CHICAGO TITLE COMPANY including cancellation fees and any expenditures incurred or authorized shall be paid from funds on deposit unless otherwise specifically agreed to or determined by a court of competent jurisdiction. Upon payment thereof, return documents and monies to the respective parties depositing same, or as ordered by the court and void any executed instruments.

9. If there is no written activity by a principal to this escrow within any six-month (6) period after the Time Limit Date set forth herein, CHICAGO TITLE COMPANY may, at its option, terminate its agency obligation and cancel the escrow, returning all documents, monies or other items held, to the respective parties entitled thereto less any fees and charges as provided herein.

10. If for any reason funds are retained or remain in escrow after the closing date, you may deduct therefrom a reasonable monthly charge as custodian, of not less than $25.00 per month, unless otherwise specified.

11. In the event you should receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties hereto, or any money or property deposited herein, you shall have the absolute right at your option to discontinue any or all further acts until such conflict is resolved to your satisfaction.

12. You are to be concerned only with the directives specifically set forth in the escrow instructions and amendments thereto, and you are not to be concerned or liable for items designated as "memoranda", nor with any other agreement or contract between the parties, notwithstanding receipt of a copy thereof.

13. You are released from and shall have no liability, obligation or responsibility with respect to (a) withholding of funds pursuant to Section 1445 of the Internal Revenue Code of 1954 as amended, and to Sections 18662 and 18668 of the California Revenue and Taxation Code, (b) advising the parties as to the requirements of Section 1445, (c) determining whether the transferor is a foreign person or a non-resident under such Sections, nor (d) obtaining a non-foreign affidavit or other exemption from withholding under said Sections nor otherwise making any inquiry concerning compliance with such Sections by any party to the transaction.

14. You are authorized to destroy or otherwise dispose of any and all documents, papers, instructions, correspondence and other material pertaining to this escrow at the expiration of six years (6) from the close of escrow or cancellation thereof, without liability and without further notice.

ALL PARTIES TO THIS ESCROW ACKNOWLEDGE THAT CHICAGO TITLE COMPANY DOES NOT PROVIDE LEGAL ADVICE NOR HAS IT MADE ANY INVESTIGATION, REPRESENTATIONS OR ASSURANCES WHATSOEVER REGARDING THE LEGAL ASPECTS OR COMPLIANCE OF THIS TRANSACTION WITH ANY TAX, SECURITIES OR OTHER STATE OR FEDERAL LAWS. IT IS RECOMMENDED THAT THE PARTIES OBTAIN INDEPENDENT LEGAL COUNSEL AS TO SUCH MATTERS.

End of provisions

EXHIBIT "L"

CERTIFICATE OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform VESTAR DEVELOPMENT CO., an Arizona ("Transferee"), that withholding tax is not required upon the disposition of title to the property described on Exhibit 1 attached hereto and by this reference incorporated herein, the undersigned hereby certifies the following on behalf of McDONNELL DOUGLAS REALTY COMPANY, a California corporation ("Transferor"), under penalty of perjury:

1. Transferor is not a "foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate" as those terms are defined in the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations.

2. The U.S. employer identification number of Transferor is _____.

3. Transferor's office address is 4060 Lakewood Boulevard, 6th Floor, Long Beach, California 90808-1700.

4. The undersigned has full knowledge of the facts and circumstances set forth herein.

Transferor understands that Transferee intends to rely on the foregoing representations in connection with the United States Foreign Investment in Property Tax Act.

Transferor understands that this certification may be disclosed by Transferee to the Internal Revenue Service and that any false statement made by Transferor contained herein could be punished by fine, imprisonment, or both.

Transferor understands that Transferee may face federal income tax liabilities and penalties if any statement in this certificate is false. Transferor hereby agrees to hold Transferee harmless from any liability or cost which Transferee may incur as a result of (i) Transferor's failure to pay any U.S. federal income tax which Transferor is required to pay, or (ii) any false or misleading statement contained herein.

Under penalty of perjury, the undersigned hereby declares that Transferor has examined this certification and, to the best of its knowledge and belief, it is true, correct and complete.

DATED: _____, 199__

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

EXHIBIT 1
TO CERTIFICATE OF NON-FOREIGN STATUS

LEGAL DESCRIPTION

[TO BE INSERTED]

SELLER'S STATE TAX WITHHOLDING CERTIFICATE

SELLER hereby certifies to VESTAR DEVELOPMENT CO., an Arizona ("BUYER") that withholding of tax under Sections 18805, 18815 and 26131 of the California Revenue and Taxation Code (collectively, the "Act") will not be required:

CHECK ALL APPLICABLE ITEMS:

[___] 1. SELLER is a resident of California. SELLER's address is 4060 Lakewood Boulevard, 6th Floor, Long Beach, California 90808-1700.

[___] 2. SELLER is a corporation qualified to do business in California.

[___] 3. SELLER is a partnership as determined in accordance with Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code.

[___] 4. SELLER has received a homeowner's property tax exemption for the Property.

[___] 5. SELLER is a bank acting as a trustee other than a trustee of a deed of trust.

If none of the above apply, SELLER certifies that SELLER has filed Form 597-A with the California Franchise Tax Board ("FTB") for the purpose of obtaining a Certificate from the FTB that SELLER is not required to pay to the FTB the amount of tax otherwise required to be withheld and paid under the Act, or SELLER is required only to pay a reduced amount of such tax.

SELLER understands that this Certificate may be disclosed to the FTB by BUYER.

Under penalty of perjury, the undersigned declares that this Certificate is true, correct and complete.

DATED:_____, 199__

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

EXHIBIT "M"

1099 DESIGNATION

In order to insure compliance with the information reporting requirements of Section 6045 of the Internal Revenue Code and the regulations promulgated pursuant thereto, the parties hereto enter into this Written Designation Agreement on this _____ day of _____, 199__, and agree as follows:

Section 1. Reporting Person. In accordance with Regulation Section 1.6045-4(e)(5)(iii), the parties hereby designate the following person to act as the "reporting person" for the purpose of ping, filing and maintaining any and all information returns required by Section 6045 in connection with this transaction:

Name of Reporting Person: Chicago Title Company

Address of Reporting Person: _____

The parties agree and acknowledge that the reporting person herein identified is an eligible person under Regulation Section 1.6045-4(e)(5)(ii). The reporting person hereby covenants and agrees to fully comply with all reporting and other requirements of Internal Revenue Code Section 6045 and the regulations promulgated thereunder. The reporting person specified herein agrees to file the forms between the end of the calendar year in which the transactions contemplated herein occur and February 28 of the following calendar year.

Section 2. Transferor and Transferee.

Name of Transferor: McDonnell Douglas Realty Company, a California corporation.

Address of Transferor: 4060 Lakewood Boulevard, 6th Floor, Long Beach, California 90808-1700.

Name of Transferee: Vestar Development Co., an Arizona corporation

Address of Transferee: 2425 East Camelback Road, Suite 750, Phoenix, AZ 85016

Section 3. Subject Property. The real property which is the subject of this Agreement is located at the southwest corner of Normandie Avenue and 190th Street in the City of Los Angeles, California as more fully described in the legal description attached hereto as Exhibit "1" and incorporated herein by this reference.

Section 4. Retention of Agreement. Each of the parties to this Agreement agrees to retain a copy of this Agreement for at least four (4) years after the Closing Date. Upon request by the Internal Revenue Service or any person involved in the subject transaction, other than the parties hereto, each party agrees to provide copies of this Agreement for inspection as required by Regulation 1.6045-4(e)(5)(iii).

IN WITNESS WHEREOF, the parties hereto have executed this Written Designation Agreement as of the date first above written.

TRANSFEROR:

McDONNELL DOUGLAS REALTY COMPANY, a California corporation

By: _____

TRANSFEREE:

VESTAR DEVELOPMENT CO., an Arizona corporation

By: _____

CHICAGO TITLE COMPANY

By: _____
Its: Attorney-In-Fact

"Reporting Person"

EXHIBIT 1
TO 1099 DESIGNATION

LEGAL DESCRIPTION

[TO BE INSERTED]

EXHIBIT "N"

LAND USE RESTRICTIONS FOR 170-ACRE PARCEL

The following shall be incorporated as Prohibited Uses in the Seller's Restrictions:

1. The following uses shall be prohibited on the entire 170-Acre Parcel: Environmental remediation facility (except in connection with remediation of the 170-Acre Parcel); exterminating service; butane distribution; exterminating and fumigating warehouse; bulk storage of gasoline or fuel oil tanks (except as incidental to retail sales); bulk storage of paint and varnish; petroleum products packaging and storage; adult book store, adult novelty store, adult theater or adult live entertainment; day labor hiring hall; pawn shop; religious mission, including a charity dining hall; commercial loading of small arms or manufacture of ammunition; rock quarrying, sand and gravel or other mineral extraction; transit terminal; propane sales except as incidental to other retail sales or service; drive-in movie theater; tattoo establishment; thrift store; concrete or cement products manufacturing; plating or polishing shop, plating works or electric plating; foster home or group foster home; farm devoted to hatching, raising, breeding and marketing of chickens, turkeys or other fowl, rabbits, fur-bearing animals or fish; feeder lot for horses, cattle, goats or sheep; dairy farm; bail bond company; body and fender shop; cannery, slaughter house or meat, processing or packaging plant; cesspool service; crematorium; flour or grain elevator; motor vehicle fuel distribution facility (other than at retail); outdoor hay and straw storage; massage establishment (except as incidental to physical therapy, fitness or medical uses); repair and rewinding of transformers or generators; outdoor paving materials storage; welding shop; wrecking yard or junkyard; shelter or dormitory intended to provide temporary shelter; transient hotel; so-called "head shop" or facility for the sale of drug paraphernalia; residential uses; traveling carnival; bingo parlor or any establishment conducting games of chance; dumping or disposing of garbage or refuse; or any other business which creates strong, unusual or offensive odors, fumes, dust or vapors, is a public or private nuisance, or emits noise or sounds which are objectionable due to intermittence, beat, frequency, shrillness or loudness.

2. The following uses shall be prohibited on the remainder of the 170-Acre Parcel (except for the area crosshatched as the "Western Frontage Property" on the following page): any retail use (including restaurant use) in excess of 3,000 square feet by a single operator; provided, however, that after the date three (3) years after the Closing, such property also may be used for the following secondary retail uses: bowling alleys, roller or ice skating rinks and health or fitness establishments.

3. The following uses shall be prohibited on the Western Frontage Property: (i) any restaurant or any store engaged in the retail sale of consumer goods, in each case in excess of 7,500 square feet by a single operator, and (ii) any fast-food restaurant before the date three (3) years after the Closing.

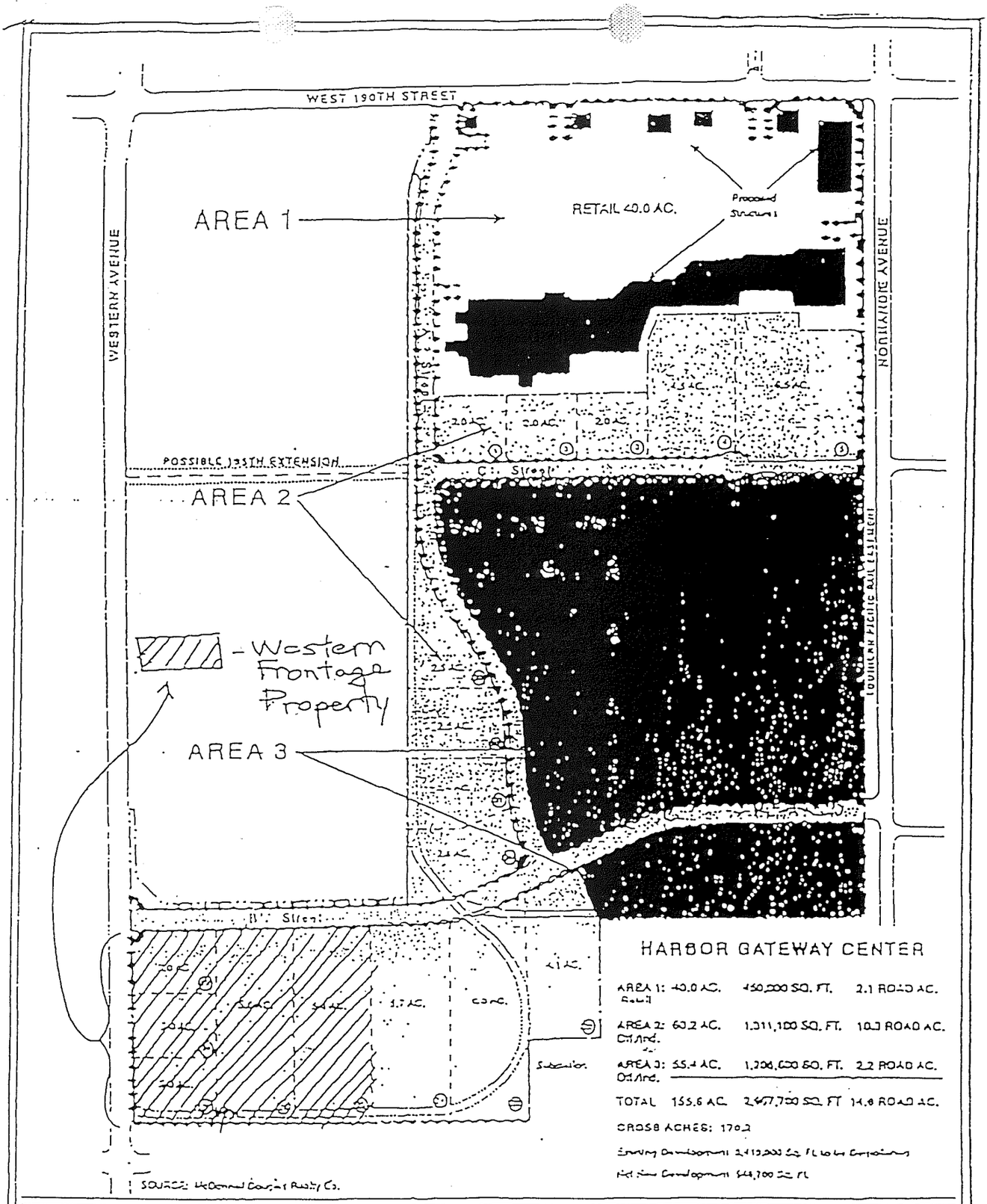


EXHIBIT "N" continued

EXHIBIT "O"

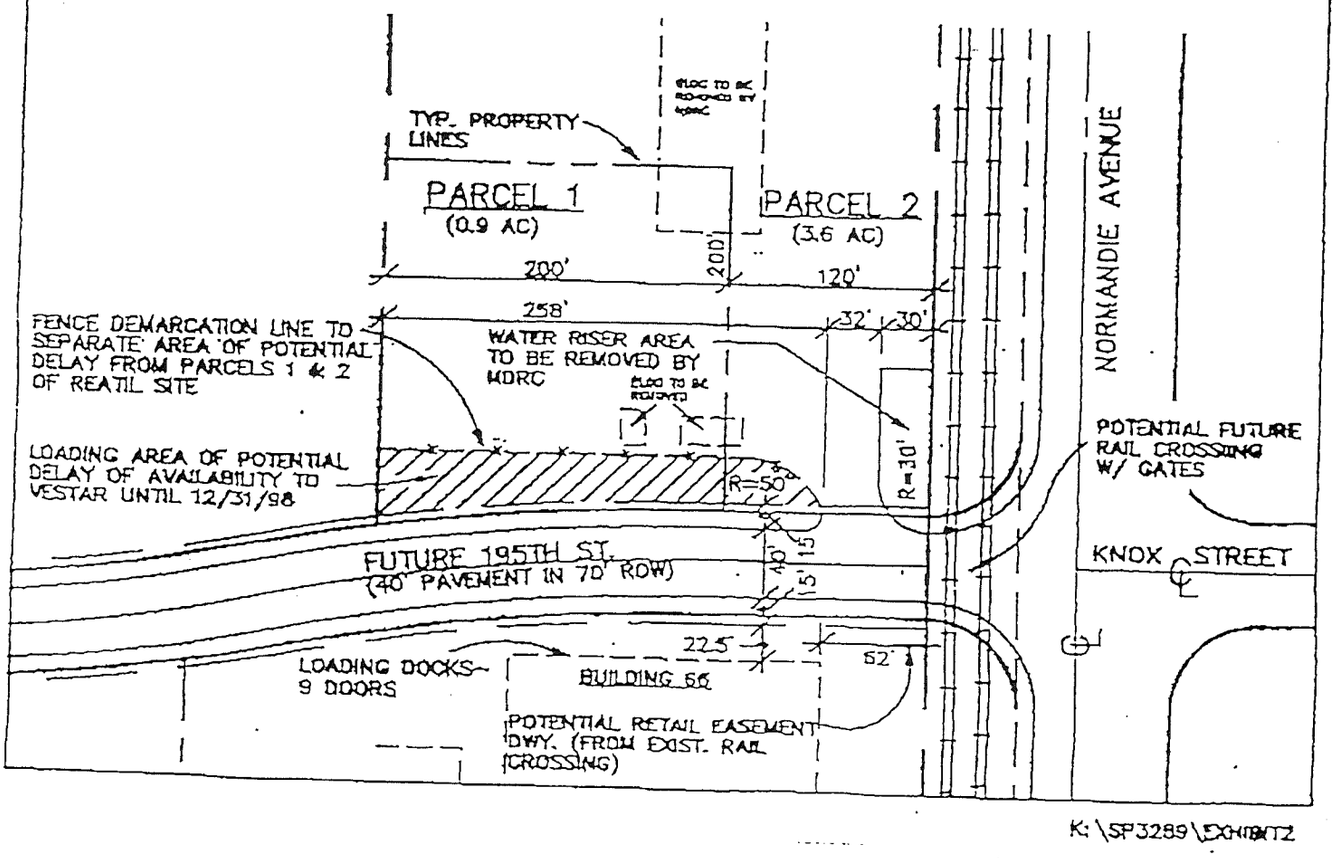
LEASED PARCEL

SITE SKETCH OF LOADING AREA OF POTENTIAL DELAY OF AVAILABILITY UNTIL 12/31/98

AREA=7427.98 SF

SCALE: 1"=100'

EXHIBIT "O"



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